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East Asia

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Daily Report

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FBIS-EAS-96-008

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Japan

Hashimoto Elected Prime Minister; Style Noted

OW1101085696 Tokyo KYODO in English
0846 GMT 11 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO — The parliament Thursday [11 January] elected Ryutaro Hashimoto, president of the Liberal Democratic Party (LDP), as Japan's 53rd prime minister and the first LDP premier since 1993.

Hashimoto succeeds Tomiichi Murayama of the Social Democratic Party (SDP), who announced his resignation last week.

The 58-year-old Hashimoto immediately began forming his 20-member cabinet under the tripartite ruling coalition of the LDP, the SDP and New Party Sakigake [Harbinger] so that the new cabinet is sworn in later in the day.

Hashimoto won premiership elections on the first vote in both houses of the Diet as most members from the three ruling parties, which together hold a comfortable majority in both chambers, voted for him.

During an extraordinary session of the House of Representatives, 288 out of the 489 members present voted for Hashimoto, 43 more than the simple majority of 245, while 167 voted for Ichiro Ozawa, leader of the main opposition party Shinshinto (New Frontier Party), and 15 for Tetsuzo Fuwa, head of the Japanese Communist Party.

The 489 ballots included nine invalid ballots — eight because they did not have a candidate's name and one because the voting slip did not have the voter's name.

A few SDP members had said they would cast blank ballots because they do not want to support Hashimoto for what they believe is his conservative, hawkish political style.

Following the lower house vote, the House of Councillors also voted in favor of Hashimoto, who collected 158 of the 251 votes cast against 69 for Ozawa and 14 for Fuwa.

The three parties control 294 of the lower house's current 497 members and 153 of the upper house's 252 seats.

The three ruling parties agreed last week to maintain their coalition despite Murayama's resignation and decided to field Hashimoto as their joint candidate for the premiership.

Shinshinto and the Japanese Communist Party have demanded dissolution of the lower house for a snap general election, saying the coalition should not "toss

around" the premiership without ascertaining public opinion.

Hashimoto became the first LDP premier in two years and five months, following the party's fall from power in August 1993 after a series of corruption scandals. It was the first time for the LDP to be out of government since it was founded in 1955.

The LDP returned to the ruling camp under the current tripartite coalition in June 1994, with Murayama at the head of government as Japan's first socialist premier in nearly half a decade.

Hashimoto will be the fifth prime minister in almost two and a half years and the first LDP premier since Kiichi Miyazawa stepped down in the summer of 1993. Miyazawa was followed as premier by Morihiro Hosokawa and Tsutomu Hata, both of whom are now in Shinshinto, and then Murayama.

The coalition has agreed that the LDP will have 12 ministerial posts besides Hashimoto as prime minister. The SDP will receive six cabinet seats and Sakigake two.

Seiroku Kajiyama, 69, former justice minister and a veteran LDP politician, will take the post of chief cabinet secretary, the government's top official spokesman, coalition sources said.

SDP secretary general Wataru Kubo, 66, will become finance minister to tackle the difficult job of disposing of seven troubled housing loan companies.

The new finance minister will come under fire from the opposition over the government's plan to use 685 billion yen of taxpayers' money to liquidate the ailing mortgage loan companies.

Hashimoto has also nominated the LDP's Yukihiko Ikeda, 58, as foreign minister, the sources said.

Ikeda, former Defense Agency chief, will tackle the problem of how to respond to demands from the southernmost Japanese prefecture of Okinawa to reduce the presence of U.S. bases.

Hashimoto has also named Ritsuko Nagao, former chief of the Health and Welfare Ministry's Social Welfare Bureau, as justice minister so as to have a female nonpolitician in the cabinet.

Other LDP cabinet members will be Shumpei Tsukahara, 48, as international trade and industry minister, Yoshiyuki Kamei, 59, as transport minister, and Eiichi Nakao, 65, as construction minister.

From the SDP, Ichiro Hino, 61, will be posts and telecommunications minister, the sources said.

From Sakigake, acting party leader Shusei Tanaka, 55, will head the Economic Planning Agency and Sakigake policy panel chief Naoto Kan, 49, will be health and welfare minister.

The 71-year-old Murayama left the prime minister's official residence shortly before noon, along with his outgoing top spokesman, Chief Cabinet Secretary Koken Nosaka.

As office staffers saw them off, Murayama thanked them for their services during his 18-month term of office since June 1994.

Murayama and his 20-member cabinet resigned at an extraordinary cabinet meeting Thursday morning following his abrupt announcement last Friday that he would step down, paving the way for Hashimoto to become prime minister.

Both Murayama and Finance Minister Masayoshi Take-mura, the leader of Sakigake, have said they will not join the new cabinet.

Seen as 'Image-Conscious Lone Wolf'

OW1101102396 Tokyo KYODO in English
0936 GMT 11 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO — Japan's new prime minister, Ryutaro Hashimoto, is an image-conscious lone wolf who does not shy away from playing hardball.

During his long career at the very heart of Japan's conservative money-and-faction politics, Hashimoto never lost the image of a maverick with no truly faithful followers.

The new premier with Presley-style hairdo is also known for his short temper and bossy style, laced with a strong pride in his political and administrative prowess.

Many people have voiced often contradictory views of Hashimoto.

Some say he took good care of his juniors during his university years, which he spent mostly practicing Kendo, one of the Japanese martial arts, and studying law, while others say he allows no one to become close to him.

Some laud his mastery of key political issues, while others scoff at his "bureaucratic mentality."

Many, however, agree on one thing. Hashimoto will put a strong personal imprint on his administration.

Hashimoto, 58, is an adept diplomat, with considerable experience at the often-tough negotiating table over trade issues.

His dealings in the recent auto trade talks with the United States earned him a reputation as a tough negotiator.

Hashimoto began his political career in 1963, the year his father, also a politician, died. Beginning as a 26-year-old House of Representatives member, Hashimoto eventually assumed important cabinet portfolios, including those of health and welfare, transport, finance, and trade and industry.

Hashimoto's perceived nationalistic posture, if brought out, could create anxiety in Japan's Asian neighbors and put him in a potentially difficult diplomatic position over Japan's actions during World War II.

In 1993, Hashimoto criticized then prime minister Morihiro Hosokawa's remarks that Japan waged a war of invasion in Asia, and again voiced skepticism last year over terming the war one of aggression.

Hashimoto Cites U.S. Relations Among Priorities

OW0901125296 Tokyo ASAHI SHIMBUN
in Japanese 9 Jan 96 Morning Edition p 2

[FBIS Translated Text] Ryutaro Hashimoto, president of the Liberal Democratic Party (LDP), on 8 January cited the following as important tasks facing the "Hashimoto administration": 1) To put the economy back on a stable course; 2) to wipe out concerns over the credibility of the Japanese financial system, as exemplified in the bad-loan issue among housing loan companies (jusen); and 3) to stabilize Japanese-U.S. relations.

Hashimoto mentioned these tasks while talking to reporters inside the Diet building after the heads of the LDP, the Social Democratic Party of Japan, and Sakigake [Harbinger] met and decided to nominate him as their candidate in the forthcoming election in the Diet for a new prime minister.

Focusing on Japanese-U.S. relations, in particular, Hashimoto said: "These are of the utmost importance to Japan, and we must try to further deepen them. Their basis is the security treaty, and we will firmly maintain this treaty."

Hashimoto appeared to be signalling that he intends to make every effort to restore bilateral relations, which have been strained since the rape of a young Okinawan schoolgirl by three U.S. servicemen who are currently under trial.

He commented also about Okinawa, which is plagued by U.S. military base-related problems. He said: "I feel ashamed when I think about the efforts we have made to thoroughly understand the feelings of the Okinawan people and relieve them of their suffering."

Cabinet Sworn In; Hashimoto's Comments Cited

OW1101142596 Tokyo KYODO in English
1417 GMT 11 Jan 96

[FBIS Transcribed Excerpt] Tokyo, Jan. 11 KYODO — New Prime Minister Ryutaro Hashimoto's coalition cabinet was sworn in Thursday [11 December] to become the first administration under a Liberal Democratic Party (LDP) premier in two years and five months.

The 21-member cabinet led by Hashimoto, president of the LDP, was inaugurated in a traditional imperial palace ceremony in the presence of Emperor Akihito.

[passage omitted on Murayama's resignation]

"I feel tremendous responsibility," Hashimoto told reporters just after the election. "I'd like to set up an administration capable of creating something new, rather than simply aiming at reform."

[passage omitted]

KYODO Provides Profiles of Cabinet Members

Chief Cabinet Secretary Kajiyama

OW1101124596 Tokyo KYODO in English
1217 GMT 11 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO — Newly appointed Chief Cabinet Secretary Seiroku Kajiyama, regarded as a leading strategist in the Liberal Democratic Party (LDP), is considered the "protector" of Prime Minister Ryutaro Hashimoto by many political observers.

Kajiyama, 69, was the No. 2 man in the LDP as secretary general of the party when it was led by then Prime Minister Kiichi Miyazawa (1991-1993).

Assuming responsibility for the LDP's ouster from power in mid-1993 for the first time since its founding in 1955, Kajiyama did not take any cabinet post in the coalition government of former Prime Minister Tomiichi Murayama, whose Social Democratic Party formed an unprecedented alliance with the LDP, its longtime ideological foe.

Kajiyama has since devoted himself to maintaining the three-party coalition.

He decided to accept the post of top government spokesman and chief of staff in the new cabinet after being told by Hashimoto that he is needed in his cabinet to wrestle in the political arena with the main opposition party, Shinshinto (New Frontier Party), led by Hashimoto's long-time rival, Ichiro Ozawa, LDP sources say.

Kajiyama has held the justice, trade and home affairs portfolios in earlier LDP administrations.

Kajiyama, from Ibaraki Prefecture, northeast of Tokyo, has been elected to the House of Representatives eight times.

Foreign Minister Ikeda

OW1101104696 Tokyo KYODO in English
0948 GMT 11 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO — Yukihiko Ikeda has taken up the foreign minister portfolio at a time when Japan's relations with the United States are shaky, especially in the field of security cooperation.

A former bureaucrat at the Finance Ministry, the 58-year-old Ikeda entered politics in 1976 after inheriting the political machine of the late Hayato Ikeda, a former prime minister, by becoming his son-in-law.

He had since served in the posts of deputy chief cabinet secretary and director general of both the Management and Coordination Agency and the Defense Agency.

During his term as Defense Agency chief, Ikeda ordered the dispatch of minesweepers to the Persian Gulf shortly after the 1991 Gulf war.

Against this background, he is expected to play a part in resolving knotty issues in Japan-U.S. ties such as the redefinition of bilateral security arrangements and the heavy U.S. military presence in Okinawa.

Japan hopes to reaffirm the importance of bilateral relations, which have been tense since the rape of an Okinawa schoolgirl last September — over which three U.S. servicemen are on trial — when U.S. President Bill Clinton visits Japan as a state guest in April.

Defense Chief Usui

OW1101104796 Tokyo KYODO in English
0944 GMT 11 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO — Japan's new defense chief Hideo Usui is a master of martial arts with a flair for handling political issues in education.

Usui, the new Defense Agency director general, is an expert in both kendo, or Japanese fencing, and nihon kempo, a karate-like martial art.

The 57-year-old member of the House of Representatives has served as a chairman on education committees in the lower house and in the Liberal Democratic Party.

After a brief business career, usui entered the world of politics as a secretary to his father, who was a lower house member.

He was first elected in 1980 as one of several up-and-coming politicians.

Usui served as deputy to then Party Secretary General Ichiro Ozawa and earned a reputation for having a "steady hand."

Posts Minister Hino

*OW1101112696 Tokyo KYODO in English
1055 GMT 11 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO — Posts and Telecommunications Minister Ichiro Hino of the Social Democratic Party (SDP) headed the ruling coalition's project team on tax reform.

The 61-year-old House of Representatives member, known to be soft-spoken and affable, has shown tenacity in negotiations.

Hino, considered to be on the right wing of the SDP, once caused a stir with a magazine article criticizing former party chairman Makoto Tanabe, also an SDP right-winger, for his party politicking.

When the retired Tanabe tried to force through Sadao Yamahana as the SDP's new secretary general, Hino described Tanabe as a cloistered emperor who still exerts power from behind the scenes.

Hino hails from Miyagi Prefecture in northern Japan and has been elected to the lower house six times.

Justice Minister Nagao

*OW1101110596 Tokyo KYODO in English
0942 GMT 11 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO — Justice Minister Ritsuko Nagao, the only woman in the 21-member cabinet, is a health and welfare ministry career bureaucrat.

She tried to enter national politics only in 1992, running in the House of Councillors election, but failed.

Ryutaro Hashimoto had enticed Nagao into running, but having been placed in the lower ranks of the Liberal Democratic Party's proportional list as a newcomer, she had little chance to grab a Diet seat.

The 62-year-old Nagao joined the Health Ministry directly after graduating from a university and gradually moved up the career ladder to head the Social Welfare Bureau.

Nagao is said to have been aiming for the position of chief of the bureau right from her start as a national public service employee.

But despite her ambitious plans, the Tokyo-born Nagao did not forsake family life for work, deftly managing the double burden of being a mother and a career bureaucrat over the years.

Labor Minister Nagai

*OW1101113396 Tokyo KYODO in English
1050 GMT 11 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO — Labor Minister Takanobu Nagai, a former labor union leader, has been devoted to labor issues throughout his political career, having fought for the introduction of a family leave law to nurse relatives and law related to part-time work.

Before turning to party politics, Nagai was a member of the executive committee of the National Railway Workers' Union and later was elected to the politburo of the now-defunct leading Labor Union Federation Sohyo.

Nagai was among a group of Social Democratic Party (SDP) lawmakers from his native Hyogo Prefecture who bolted from the party in Dec. 1994, but he eventually chose to remain with the SDP.

Last September he became the chairman of the party's Diet Affairs Committee.

Nagai is outspoken and direct, and is known for stirring controversy with his sometimes blunt remarks.

The 65-year-old legislator is said to relax from tough daily politics when playing with his six grandchildren, all boys. Nagai has been elected to the House of Representatives five times.

Health Chief Kan

*OW1101110396 Tokyo KYODO in English
0951 GMT 11 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO — Health and Welfare Minister Naoto Kan, one of only two cabinet ministers from New Party Sakigake [Harbinger], is known as an expert on administrative reform, and on housing and land policies.

The 49-year-old Kan supported the government of former Prime Minister Tomiichi Murayama as a member of the ruling coalition's policy coordinators council while serving as chief policy-maker of Sakigake, the smallest component of the tripartite ruling coalition before entering politics. Kan worked as a patent lawyer and took part in a number of civic movements.

He was deputy chief of the now-defunct United Social Democratic Party before joining Sakigake, led by former Finance Minister Masayoshi Takemura.

Born in Yamaguchi Prefecture, western Japan, Kan has been elected to the House of Representatives five times.

Education Minister Okuda

OW1101112896 Tokyo KYODO in English
1056 GMT 11 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO — Education Minister Mikio Okuda worked as a primary schoolteacher and later as a journalist at the KYOTO SHIMBUN, a local paper, and at the YOMIURI SHIMBUN, a national daily, before becoming a politician.

Born in Kyoto prefecture, Okuda, 67, took his first step on the political ladder as a member of the Kyoto Municipal Assembly. He then joined the Kyoto Prefectural Assembly and later was elected to the House of Representatives in 1980.

A member of the Liberal Democratic Party (LDP), Okuda has held the posts of the chairman of both the lower house's committee on commerce and industry and the committee on environment.

He has been elected to the lower house five times.

Home Affairs Minister Kurata

OW1101112496 Tokyo KYODO in English
1003 GMT 11 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO — Japan's new Home Affairs Minister Hiroyuki Kurata, a House of Councillors member from the Liberal Democratic Party, has a reputation for being a tough, sharp-tongued speaker in the diet.

The 57-year-old Kurata hails from Chiba Prefecture just east of Tokyo and was formerly elected as the nation's youngest head of a prefectural assembly.

As such, he is reputedly a mentor to Diet members who have come into state politics via their prefectural assemblies.

Kurata was serving his second term as head of the party's upper house Diet affairs committee at the time of his elevation to the cabinet post.

He succeeded to the Diet affairs committee post during the last extraordinary Diet session when his predecessor stepped down.

After accepting the post, he immediately took a leading role in ushering through the Diet revisions to a bill relating to religious organizations.

His interests include the board games of "shogi" and "go," and takes an eclectic interest in all manners of sports, enjoying baseball, swimming and golf in particular.

Kurata is serving his third term in the upper house.

International Trade Minister

OW1101111196 Tokyo KYODO in English
0955 GMT 11 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO — New International Trade and Industry Minister Shumpei Tsukahara is a typical "second-generation politician," who joined the political world upon death of his father, a former labor minister.

Before elected to the House of Representatives at the age of 29, Tsukahara had worked at Dentsu Inc., the world's largest advertising company.

The 48-year-old Tsukahara, a member of the Liberal Democratic Party (LDP), was labor minister from February to December 1990 in the government of then Prime Minister Toshiki Kaifu.

During the LDP's party presidential race last September, he was a leading supporter of Prime Minister Ryutaro Hashimoto, who beat former Posts and Telecommunications Minister Junichiro Koizumi.

Tsukahara has been elected to the lower house seven times from Ibaraki Prefecture.

Transport Minister Kamei

OW1101112596 Tokyo KYODO in English
1042 GMT 11 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO — The new transport minister, Yoshiyuki Kamei, is known as an industrious and down-to-earth politician.

The 59-year-old member of the House of Representatives started his political career in 1979 following in the steps of his father, Yoshiaki Kamei, who was a member of the House of Councillors.

Not known as an eloquent speaker, he talks in a characteristic unaffected manner.

Many, however, praise his diligence and sincerity in carrying out his work.

Kamei, an avid golfer, respects Yukichi Fukuzawa, one of the builders of modern Japan and founder of Keio University, from which Kamei graduated.

Kamei, member of the Liberal Democratic Party, was elected to the lower house five times.

Farm Minister Ohara

OW1101113096 Tokyo KYODO in English
1001 GMT 11 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO — Agriculture, Forestry and Fisheries Minister Ichizo Ohara, a former Finance Ministry bureaucrat, had often been rumored as a candidate for portfolios in successive cabinets, but for lack of strong connections with the political establishment turned 71 before landing a cabinet post.

Ohara was first elected to the House of Representatives for the now defunct new Liberal Club in 1976, but joined the Liberal Democratic Party (LDP) after his defeat in a later general election.

Capitalizing on his experience with the workings of the Finance Ministry, Ohara emerged as a tax expert sitting on the lower house budget and finance committees and various LDP panels dealing with tax issues.

Ohara, who hails from Miyazaki Prefecture on Japan's southern main island of Kyushu, is known for a laid-back attitude and unwillingness to curry favor with higher-ups. He has been elected to the lower house five times.

Construction Minister Nakao

OW1101110696 Tokyo KYODO in English
0946 GMT 11 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO — Newly appointed Construction Minister Eiichi Nakao is a veteran member of the Liberal Democratic Party (LDP) and once led a hawkish LDP group called Seirankai.

A native of Yamanashi Prefecture, Nakao, 65, is viewed as a hot-blooded man of action as he recently led a group of LDP veterans into battle against the party's so-called YKK trio — Taku Yamasaki, Koichi Kato and Juinchi Koizumi.

Fluent in English, Nakao is strong on diplomatic issues and has served as chief of the Economic Planning Agency and as Trade Minister.

A graduate of Aoyama Gakuin University, Nakao has a master's degree from Waseda university.

He has been elected to the House of Representatives nine times.

S&T Chief Nakagawa

OW1101111996 Tokyo KYODO in English
0953 GMT 11 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO — Newly appointed Science and Technology Agency director general Hidenao Nakagawa is a former political news reporter for the NIHON KEIZAI SHIMBUN, a leading economic daily.

A native of Tokyo, Nakagawa, 51, was first elected to the House of Representatives at the age of 32 in 1976 from a now-defunct splinter party of the Liberal Democratic Party in an electoral district formally dominated by his father-in-law.

Nakagawa, who is now a liberal democrat, is regarded as a man of action for overcoming two defeats in lower house elections in the highly competitive electoral district.

A graduate of Keiou University, Nakagawa has been elected to the lower house five times.

Development Agencies Director

OW1101112796 Tokyo KYODO in English
0959 GMT 11 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO — Saburo Okabe, chief of the Hokkaido-Okinawa Development Agencies, is a former Agriculture Ministry bureaucrat who studied at the School of Agriculture at the University of Tokyo.

Okabe, 69, is the chief policy-maker among Liberal Democratic Party members in the House of Councillors.

People close to Okabe describe him as courteous and say they have never heard him raise his voice.

But Okabe was criticized during the last Diet session for being too lenient when he questioned unsworn witnesses on whether or not to revise the law governing religious groups.

A native of Kanagawa Prefecture, he has been elected to the upper house three times.

Environment Agency Chief

OW1101112396 Tokyo KYODO in English
1106 GMT 11 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO — Japan's new Environment Agency Chief Sukio Iwatare of the Social Democratic Party [of Japan, SDPJ] (SDP), is called a "man of principles" by his colleagues.

Iwatare, one of the supporters of SDP chairman and former Prime Minister Tomiichi Murayama, also served

as a faithful aide to former chairwoman Takako Doi, now the speaker of the House of Representatives.

Iwatare was a dyed-in-the-wool labor unionist who once led, as a senior member of the then largest labor union umbrella organization, the movements against Japan's security alliance with the United States.

The 66-year-old member of the lower house opposed the SDP's coalition in 1993 with a Liberal Democratic Party splinter group and other opposition parties that gave birth to the administration of Morihiro Hosokawa.

He also voted against the election reform bills that introduced the single-seat constituency system for lower house elections.

An expert on environmental issues, Iwatare has also been active in environmental protection campaigns against companies in Kawasaki.

"Unwavering in principle, flexible with reality," is his political motto.

'Reformist' EPA Chief Tanaka's Views Analyzed

OW1101111296 Tokyo KYODO in English
1037 GMT 11 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO — New Economic Planning Agency (EPA) Director General Shusei Tanaka, 55, is noted for his reformist stance and opposition to the foreign ministry's bid for a permanent seat for Japan on the UN Security Council.

This belief contrasts sharply with that of Prime Minister Ryutaro Hashimoto, who has advocated the need for Japan to secure a greater say in international politics by assuming the seat and a more active role in UN peacekeeping missions.

Tanaka, the right-hand man of New Party Sakigake [Harbinger] chief Masayoshi Takemura, was elected to the House of Representatives for the first time in 1983, belonging to a Liberal Democratic Party (LDP) faction then led by former Prime Minister Zenko Suzuki.

After serving two terms as a member of the then ruling LDP, he left the party along with Takemura in the summer of 1993 to form the tiny party, Sakigake, when the LDP lost its 38-year lock on power due to public outrage over a string of influence-peddling scandals.

When Morihiro Hosokawa assumed the premiership in 1993, Sakigake joined the Hosokawa-led coalition and Tanaka was named as a special aide to Hosokawa.

After his Sakigake joined the tripartite coalition with the LDP and the Social Democratic Party [of Japan] in June 1994, he voiced dismay at having to reunite with

the LDP, which he and his Sakigake peers had rapped for being unremorseful over its corruption.

"I am embarrassed that the LDP returned to power in less than a year since its downfall," he later told a lecture meeting. "If the LDP were to resume its longtime political style, it would amount to party suicide (as it would draw renewed public ire)."

Ikeda on Base Reduction, Relations With U.S.

OW1101122596 Tokyo KYODO in English
1132 GMT 11 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO — The government of new Prime Minister Ryutaro Hashimoto aims to put Japan's economic recovery on track and to strengthen the tripartite ruling coalition, a government spokesman said Thursday [11 January].

Chief Cabinet Secretary Seiroku Kajiyama, 69, from Hashimoto's Liberal Democratic Party (LDP), also told his first news conference as the main government spokesman that the premier and the cabinet will deal "sincerely" with Okinawa's wish to cut the number of U.S. Bases on the island.

Japan should promote "solidarity" with Asia rather than talking about compensation for Japan's wartime deeds, which would be "backward-looking," said Kajiyama, announcing a cabinet roster at the press conference.

The veteran politician said there is a chance the three ruling parties could win over some conservative figures from the main opposition party, Shinshinto (New Frontier Party).

Foreign Minister Yukihiko Ikeda, 58, also from the LDP, promised that the new government will continue efforts to respond to Okinawa's requests for U.S. base reductions, while promoting mutual confidence with the United States.

"Continuation is important for diplomacy," the new foreign minister said at a separate news conference.

Ikeda also said Japan will make diplomatic efforts to materialize a world without nuclear weapons.

New Justice Minister Ritsuko Nagao, 62, a former bureaucrat and the only woman in the cabinet, rejected the view that Japan should abolish the death penalty.

Defense Agency chief Hideo Usui, 57, from the LDP, said Japan's defense will continue to stick to self-defense and the country will never cause any threat to other countries nor become a military power.

Tokyo will use moderation in building up its defense capability, firmly keep the Japan-U.S. security setup,

maintain civilian control over the defense forces and stick to the three nonnuclear principles of not making, not possessing and not bringing in nuclear arms, the new agency director general said.

Government Submits Document Over U.S. Bases

*OW1001132296 Tokyo KYODO in English
1321 GMT 10 Jan 96*

[FBIS Transcribed Text] Naha, Japan, Jan. 10 KYODO — The Japanese Government said Wednesday [10 January] that the U.S. military presence in Okinawa is needed for national security and that the prime minister has the final say on the forced leasing of land to U.S. forces.

The government made the statement in a document submitted to the Naha branch of the Fukuoka High Court over a landmark court battle pitting Prime Minister Tomiichi Murayama against Okinawa Gov. Masahide Ota over the latter's refusal to sign documents needed for the continued leasing of land to the U.S. military.

The government refuted a claim made by the Okinawa prefectural government at the first hearing on Dec. 22 that the forced leasing of land to the U.S. military poses a threat to the rights of Okinawan residents to live in peace as stated in the constitution.

It said the meaning of the right to live in peace is vague and that this is not the human rights protected under the constitution, insisting that the forced leasing of land is necessary to abide by the Japan-U.S. security treaty and to maintain cooperation with the United States.

"It is a matter that requires a high-level political decision and is left to the prime minister's wide-ranging discretion," the government said in reference to the issue of whether such leasing of land is constitutional.

The legal wrangling came on the heels of a petition filed by Murayama last month seeking a court order forcing Ota to sign the documents after receiving a letter from the governor rejecting the premier's instruction to sign them.

The central government wants to obtain a court order by late March when contracts for use of some of the land by the U.S. military expire.

The second hearing is set for Feb. 9.

Governor Ota Seeks Talks With Prime Minister

*OW0801073196 Tokyo KYODO in English
0631 GMT 8 Jan 96*

[FBIS Transcribed Text] Naha, Japan, Jan. 8 KYODO — Okinawa Gov. Masahide Ota said Monday [8 January] he wants to discuss "in the near future" with the

new prime minister to be installed soon issues concerning the U.S. military presence in Japan's southernmost island prefecture.

Ota said at a news conference that his stance calling for scaling down the U.S. military presence in the prefecture will not change even after a new central government is sworn in.

"I want to carry out what I have talked about with the Murayama cabinet," Ota said.

Prime Minister Tomiichi Murayama of the Social Democratic Party (SDP) last Friday abruptly announced his resignation, paving the way Liberal Democratic Party (LDP) president Ryutaro Hashimoto's ascent to the top political post.

Ota told reporters he will consult with the central government if he can visit Tokyo to hold talks with the new premier prior to the second court hearing in February over the trial concerning the forced leasing of Okinawa residents' land to the U.S. military.

Murayama has filed a lawsuit against Ota with the Naha Branch of the Fukuoka High Court in an effort to force the governor to sign documents necessary to force the landowners to renew land leases with the U.S. military.

Regarding a new panel established among officials of the Central and Okinawa Prefectural Governments to discuss the land leasing issue, Ota said he hopes to see a panel meeting involving ministers of a new cabinet and himself after a working-level meeting Jan. 30.

On a package of policies agreed to Sunday by the three ruling coalition parties, the LDP, the SDP and New Party Sakigake [Harbinger], Ota said he will make efforts by putting trust in the policy accord.

Among other issues, the package includes promotion of reorganization and reduction of U.S. bases in Okinawa without jeopardizing the security treaty with the United States.

The U.S. military presence in Okinawa has come under fire from local residents since the rape last September of an Okinawa schoolgirl for which three U.S. servicemen are now on trial.

Okinawa, about 1,600 kilometers southwest of Tokyo, accounts for only 0.6 percent of Japan's total land area, but has 75 percent of the land space used by U.S. military facilities in Japan.

Foreign Minister on U.S. Ties, Okinawa Issue

OW1101133496 Tokyo NHK General Television
Network in Japanese 0923 GMT 11 Jan 96

[News conference by new Foreign Minister Yukihiko Ikeda with unidentified reporters at the Prime Minister's Official Residence on 11 January; broadcast in progress — live or recorded]

[FBIS Translated Text] [Ikeda] The prime minister told me to do my best because there are important issues, including problems on Okinawa, to be solved. The world is in the throes of major changes and we have to create order for peace and prosperity. I am of the view that Japan's efforts in these fields will have a major impact on the future of mankind and the entire world, not to mention the future of Japan. Therefore, I will do my best in dealing with these issues.

The prime minister also discussed issues on Okinawa. While the world is undergoing changes we will try to further enhance the reliability of the Japan-U.S. security system and create an environment for stability in the Asia-Pacific region. I understand that there are many major bilateral, multilateral, and global tasks to be solved.

In any case, continuity is very important in diplomacy. Therefore, I will take over the work carried on by former Foreign Minister Kono under the Murayama administration, and make further improvements. I told the prime minister I will do my best.

[Unidentified reporter] Japan-U.S. summit talks will be held in April. It seems we need to map out the future course of discussions on the Okinawa issue before the summit. There are many difficult problems, including the issue of Futenma base. How far are you planning to push these issues?

[Ikeda] As you know, the central government and the prefectural government of Okinawa formed a joint council to discuss base issues. The prefectural government has explained its feelings and opinions at council meetings. We will carefully listen to what they have to say. Moreover, we will also discuss various matters at a special committee formed between Japan and the United States. As far as Futenma and the other issues that you mentioned are concerned, we will study them through consultation and discussion. I hope that on the basis of these consultations and discussions, firm talks will be held on the future of Okinawa when President Clinton comes to Japan.

[Unidentified reporter] My question is related to the previous one. Okinawa wants to see some results from discussions on cutting back the number of military bases. These results might be, for example, the transfer

of bases to the mainland of Japan or a cut in the 47,000-strong U.S. Forces in Japan [USFJ]. Can you explain, in concrete terms and keeping in mind the two points I have just mentioned, what you are going to do about the Okinawa base issue?

[Ikeda] Indeed, 75 percent of USFJ bases are in Okinawa. I know very well that this imposes an inconvenience on the lives of the Okinawan people. For this and other reasons, the government's fundamental policy is to promote reorganization, consolidation, and reduction of the U.S. military bases on Okinawa. This was also agreed between Japan and the United States. It was on the basis of this agreement that the council and special committee I mentioned earlier were formed. I understand the special committee is doing its best to produce tangible results within a year.

[Unidentified reporter] The issue of housing loan corporations is a major topic of discussion these days. Have you received a political donation from the housing loan companies?

[Ikeda] No.

[Unidentified reporter] Every time Japan protests against nuclear testing, we are always criticized because we are under the nuclear umbrella [nuclear protection of the United States]. When Japan has criticized, as a victim of atomic bombs, the nuclear tests carried out by France and China, they have been quick to point out that Japan is under the protection of the U.S. nuclear umbrella. This issue may be related to the fundamentals of the Japan-U.S. Security Treaty. However, can you comment on it?

[Ikeda] Japan is trying, through various diplomatic channels, to eliminate nuclear weapons from the world. However, the reality is that nuclear weapons exist. It is also true that other countries point out Japan is covered by the nuclear umbrella provided by the United States. As I said earlier, we will continue to exert efforts to create a nuclear-free world while keeping in mind the criticisms of other countries. This may sound a little too abstract, but it is all I can say.

No Compromise Seen in Aviation Talks With U.S.

OW0601072796 Tokyo KYODO in English
0712 GMT 6 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 6 KYODO — Japan and the United States will resume negotiations on the trans-Pacific cargo transport service later this month with little signs of a breakthrough, Japanese officials say.

There is little possibility that a settlement will be reached at the forthcoming talks as Japan has no in-

tention of compromising, the transport ministry officials said.

"An agreement is impossible as long as the deadlock over the beyond rights is unresolved," a senior ministry official said, adding Japan has no intention of backing down on the issue.

Little progress has so far been made in negotiations for revision of the air cargo portion of a bilateral civil aviation treaty.

In the previous two rounds of negotiations held last September and November, Washington demanded that Japan implement phased liberalization of its air cargo transport market, allowing more U.S. airlines to fly on to Asian destinations, the officials said.

They said Japan rejected the demand and sought a fair market share for Japanese cargo carriers, claiming that U.S. airlines hold a 7-to-3 edge over their Japanese competitors in cargo transport capacity.

Washington spurned Tokyo's proposal that two airlines designated by each nation be allowed to serve the other, the officials said.

The existing accord is due to expire at the end of March.

The officials said it is possible for both sides to extend negotiations should the U.S. show signs of accepting the Japanese proposal.

The cargo negotiations will be followed by discussions on passenger transport service between the two countries centering on a U.S. demand that United Airlines be allowed to fly into Kansai International Airport near Osaka, the officials said.

MITI Rejects U.S. Call for Film Talks

*OW0801115496 Tokyo KYODO in English
1141 GMT 8 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 8 KYODO — The Ministry of International Trade and Industry (MITI) on Monday [8 January] rejected U.S. calls for starting government-level talks on foreign access to the Japanese photographic film and paper market.

"There are no 'market barriers' that have been created with the involvement of the Japanese Government in the Japanese consumer photographic film and paper market," said Yoshihiro Sakamoto, MITI vice minister for international affairs.

Yoshino made the remark in reply to a statement issued by Ira Shapiro, senior counsel and negotiator at the office of the U.S. Trade Representative, last Dec. 21.

Complaints by Eastman Kodak Co. of the United States about the alleged presence of anticompetitive practices

in the Japanese market are "not an issue to be negotiated between the two governments," Yoshino said.

If Kodak reports its allegations to the Japanese Fair Trade Commission and asks for appropriate measures to remove them, the commission shall make the necessary investigation, he said.

The view voiced by Sakamoto was originally to be expressed by International Trade and Industry Minister Ryutaro Hashimoto during his planned visit to the U.S. this month. But Hashimoto canceled the visit after Prime Minister Tomiichi Murayama announced last Friday that he would resign.

KYODO Reports on Remarks by New MITI Chief

*OW1101131796 Tokyo KYODO in English
1256 GMT 11 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO — The new chief of the Ministry of International Trade and Industry (MITI), Shumpei Tsukaraha, said Thursday [11 January] that Japan's trade policy will remain unchanged under the cabinet of new Prime Minister Ryutaro Hashimoto.

"I will carry on the policies of former Trade Minister Hashimoto," Tsukaraha said in his first press conference after being appointed as Hashimoto's successor in the post.

On the nation's economy, Tsukaraha said the tripartite ruling coalition will try to help boost economic recovery.

"Now that bright signs are emerging in the economy, the three-party coalition will try to come out with easily understandable policies so as not to allow the economy to slow down under any circumstances," Tsukaraha said.

MITI Espionage Activities in U.S. Discussed

*OW0801041296 Tokyo SAPIO in Japanese
20 Dec 95 pp 88-90*

[Article by Takao Toshikawa, editor of INSIDE LINE: "Clandestine Intrigues of Ministry of International Trade and Industry Bureaucrats"]

[FBIS Translated Text] In Japan-U.S. trade relations, "economic spies" have been casting eerie shadows ever since a U.S. newspaper exposed the eavesdropping by the U.S. Central Intelligence Agency [CIA] during the automobile negotiations between the two countries in June.

It was on 20 October that Minister Ryutaro Hashimoto of the Ministry of International Trade and Industry [MITI] participated in the tripartite trade talks of Japan,

the United States, and Europe held at Harrogate in England and met for the first time in four months with U.S. Trade Representative Mickey Kantor after the Japan- U.S. automobile negotiations. Hashimoto brought up the CIA's eavesdropping as a "somewhat displeasing case" in a gentle manner of reproach, but Kantor kept silent on the matter to the last, as if he did not want to take up the case.

The U.S. side's refusal to deny or confirm was taken as a tacit admission to the CIA's eavesdropping and members of the Japanese delegation to the tripartite trade talks, possessed by the "suspicion of eavesdropping," were on edge and thoroughly checked their rooms; some even demanded that the hotel change their rooms.

While in the midst of confusion caused by the eavesdropping, Minister Hashimoto and senior MITI officials at Harrogate were driven into further tension by MITI in Tokyo, which simultaneously relayed two reports dispatched from Washington about Japanese "economic espionage in the United States."

One of them was a KYODO dispatch datelined 20 October from Washington with a headline, "Japan External Trade Organization [JETRO] Under Federal Bureau of Investigation [FBI] Surveillance." It said a U.S. diplomatic source made it known that FBI special agents in charge of protecting U.S. firms against foreign espionage put research workers at the JETRO New York Office under surveillance and make virtual investigation hearings of them at regular intervals. "Industrial researchers" dispatched by MITI are also reported to be subject to the FBI's surveillance and the FBI took hold of the fact that these industrial researchers are faxing home information they gathered in Washington from the Washington office of a MITI-affiliated association called the Products Import Promotion Association.

Another dispatch was a SANKEI SHIMBUN report, also from Washington and datelined the same day. Quoting a CIA-related source, it reported that the recent interdepartment report of the U.S. Department of Commerce criticized nine U.S.-allied friendly nations, including Japan by name, that are conducting espionage activities against U.S. industry. The same CIA source made it clear that the CIA regards JETRO as "an intelligence organ in essence" and is stepping up its watch on the organ.

These two reports in short reveal that active, mutual "friendly spying" activities among the old Western allied nations, in times of allied and friendly relations, are getting on the nerves of the United States. But MITI was especially strained by the fact that its "industrial researchers" came on the scene.

Industrial researcher [sangyo chosain] is usually abbreviated in Japanese as sancho, and this "sancho" has become well-known in the United States. No one associated with Japan in the U.S. Administration, Congress, or business world would be unfamiliar with the term "sancho," not to mention representatives of Japanese businesses and organizations in the United States.

The "sancho," unfamiliar to ordinary Japanese, is in fact an elite post among MITI bureaucrats. A career bureaucrat of assistant division chief class having worked for 14 to 16 years in MITI is sent on loan to the JETRO's New York office and he is usually promoted to division chief after a three-to-four-year tour of duty abroad. JETRO offices in London, Paris, and Sydney also have "sanchos," but the New York post is regarded as the most promising.

The sancho's major work in the United States is gathering information on how Japanese affairs are dealt with by politicians, businessmen, and government officials and building a line of personal connections. Whatever is said, Washington is the center of information and human connections, and the sancho goes to Washington on Mondays and returns on Fridays to New York where he is supposed to be stationed. If necessary, he flies anywhere in the United States to gather information.

MITI's information-gathering system in the United States consists of an official route represented by a MITI official on loan to the Japanese Embassy in the United States as a minister-councillor, and an unofficial route of a MITI-affiliated association's representative in the United States. They form a "MITI's detached corps" in the field of information-gathering and the sancho plays the pivotal role in the "detached corps."

It was in 1973 that a MITI career bureaucrat charged with information gathering was posted for the first time in the New York JETRO office, and present Dietman Iwao Matsuda from the New Frontier Party, who started to work for MITI in 1960, was the man. The post was officially called "sangyo chosain" when Masahisa Naito, a MITI councillor who began his MITI career in 1961, was appointed as the first sancho. Naito, who was reputed to be the most promising candidate to the post of administrative vice minister, was dismissed from the post of director general of the Industrial Policy Bureau by then MITI Minister Hiroshi Kumagai, now with the New Frontier Party, in December 1993.

Why Did Sancho Become "A Secret Agent in Japan-U.S. Negotiations?"

In fact, MITI set up the post of sancho in its subsidiary organization JETRO in resistance to the "monolithic unified diplomacy" advocated by the Foreign Ministry.

Since the end of World War II, the Foreign Ministry, under the slogan of "monolithic unified diplomacy," consistently attempted to "control" the external activities of other ministries and agencies. But in MITI's case, needs rapidly rose for the ministry to make external policy of its own, especially since the 1970's, due to circumstantial changes topped by trade friction with the United States. In other words, trade negotiations with the United States became impossible if it followed the Foreign Ministry's exclusive policy that is one-sidedly subservient to the United States.

The sancho was thus created to collect the necessary information on its own in order to proceed independently in negotiations with the United States. But with due consideration to the Foreign Ministry, the post was set up in a New York office rather than in Washington. Because of such a background, an image of "secret agent in Japan-U.S. negotiations" hangs about the sancho.

As was reported in the morning edition of NIHON KEIZAI SHIMBUN on 23 November 1992, the "sancho" is a real "secret agent." As former Deputy U.S. Trade Representative Sidney Linn Williams, who has rich experience in trade negotiations with Japan revealed, "A back channel is indispensable to negotiations." He added, "The sancho was frequently contacted in semiconductor and supercomputer negotiations, and they brought information of decisive importance many times." It is said the sancho is backed up by a big budget in consideration for his work of establishing a behind-the-scenes channel to the center of the U.S. system.

Clashing with the Foreign Ministry is inevitable if someone else attempts to get information by developing a personal connection in the center of the U.S. system. Collecting information from U.S. businesses subject to the Japan-U.S. trade negotiations comes close to what is regarded as industrial espionage activities. As a result, the sancho is candidly disliked by the Japanese Foreign Ministry and is held suspect by the FBI.

At any rate, MITI's elite bureaucrats have worked as sanchos to rise through the ranks. Rated as first and second among the successive sanchos are the previously mentioned Masahisa Naito and Takeshi Isayama, who started his MITI career in 1967 and is now deputy director general of the International Trade Policy Bureau. In comparison to Naito, who had been regarded as a hopeful for the post of MITI vice minister from early on, it is interesting to note that Isayama was one of the "group of four gangs" reported to have plotted to kick Naito out.

These two men get high marks from successive sanchos because of the personal connections they built and the high quality of information they obtained from such

connections. Naito worked as a sancho from 1975 to 1979 during President Jimmy Carter's administration, so naturally his U.S. connection is heavily Democratic.

Naito developed his personal connection by utilizing the network of the law office of Robert Strauss, who served as USTR under the Carter administration. The network included such powerful lobbyists who were connected to the center of the U.S. Government as former deputy USTR Harold Marumugren [name as transliterated], former Undersecretary of Commerce Robert Kief [name as transliterated], and Thomas Hail Boggs [name as transliterated], and the list was expanded to include such big political connections as Democratic Senator John D. Rockefeller and Senator Bill Bradley, who is rumored to be a presidential candidate. In addition, he built up a connection with major international oil companies, including Exxon Corp. In the Clinton administration he is said to be on such good terms to be able to directly talk on the phone at any time with former Undersecretary of Commerce Jeffrey Garten and adviser to the USTR Ira Shapiro.

Meanwhile Isayama has a strong Republican line of personal connection because he worked as sancho from 1981 to 1984 during the Reagan administration. In the core of his U.S. connections are Republican lobbyists William Timons [name as transliterated] and Stan Anderson [name as transliterated], both regarded as the most powerful of all Republican lobbyists. Among the Japanese business clients of Global USA, Inc., established by both men, are such first-rate enterprises as Hitachi, Ltd., Komatsu, Ltd., All Nippon Airways Co., Ltd. and so on. Isayama's "superb abilities" during his New York assignment were such that THE NEW YORK TIMES Sunday Magazine covered him once. Limits of Information Gathering by the Detached Corps Method [subhead]

Naito was regarded as a "pro-U.S. champion" and Isayama was in the center of "the nationalists," although they were internationalists in MITI. Besides this pair, many other tough MITI negotiators were born following experiences as sanchos. Now that trade negotiations are the main subject in the Japan-U.S. relationship, the presence of a "sancho" has gained fame and he is now openly carrying out the assignment without reserve to the Foreign Ministry.

As a senior MITI official confided, "Multiplication of the concerned persons in the United States into the USTR, the State Department, Congress, industrial organizations, and so on makes it difficult to grasp the whole image of the United States." Subjects of negotiations and persons with whom to deal with are so

diversified that it is undeniable that MITI's information-collecting ability has deteriorated in a relative sense.

Now at work as sancho is Shuichi Okada, who started his career in 1976. His predecessor, Eiichi Hasegawa, who also started his career in the same year and now is chief of MITI's Northwest Asia Division under the International Trade Policy Bureau, had this to say: "Although various things are said about it, the industrial researcher is just one post in JETRO and he is carrying out information-gathering work in that capacity. JETRO itself gathers all kinds of information for the purpose of country risk evaluation, and MITI has the ability to adjust it. JETRO as an organization with an official character does have a certain political objective. At present, information-gathering capabilities and analyses by nongovernment organizations on the United States are highly improved. The information-gathering capabilities of major banks, for example city banks, are tremendous. We need to increase our information collection and analysis capabilities."

In effect, this meant that a sancho's activities must be strengthened in an era when "friendly spies" have come to the forefront. The problem is that the FBI's surveillance of the sancho will become more severe as the sancho becomes more active. Here lies the big dilemma for MITI's "detached corps" method of information gathering.

On the other hand, now that the eavesdropping by the U.S. side in the Japan-U.S. automobile negotiations has become known, MITI has to work out drastic measures to counter the CIA's economic espionage work. But our nation has no "Japanese CIA," a specialized high-level counterespionage organization. Already existing organizations such as the Cabinet Information Research Office, the Public Security Investigation Agency, or the Foreign Affairs Division of National Police are no match in the areas of budget, number of personnel, equipment, capabilities, and authorities which the "world's strongest" CIA possesses.

In effect, as full-fledged economic espionage is coming of age, MITI is compelled to review its system of intelligence and counterintelligence. One aspect of this is reviewing the sancho's activities, reportedly under the FBI's strict surveillance.

No serious stance to take up the reviewing efforts, however, can be found in MITI. On the contrary, factional struggles seem to be gaining force. In the expected personnel change for 1996, Tsutomu Makino, who started his career in 1963 and who is now director general of the Industrial Policy Bureau, was regarded as the most likely to become vice minister, only to become ineligible for the post because he was

"strictly reprimanded" on suspicion of having received expensive entertainment. Thus rumors continue that Administrative Vice Minister Tomio Tsutsumi, who started his career in 1962, will remain in the same post. In this connection, rumors have it that "the current treatment of suspicion was staged by the faction aiming at promoting Director General Hisashi Hosokawa of the International Trade Policy Bureau, who started his career in 1964 and was one of the 'group of four gangs,' to vice minister after the next vice minister appointee." Now is not the time for indulging in such factional struggles.

Daiwa Bank To Sell U.S. Rights to Sumitomo

OW1101134096 Tokyo KYODO in English
1203 GMT 11 Jan 96

[FBIS Transcribed Text] Osaka, Jan. 11 KYODO — Scandal-ridden Daiwa Bank, which has received a U.S. order to shut down its U.S. operations by Feb. 2, has decided to sell its operations to Sumitomo Bank for 6.5 billion yen, banking sources said Thursday [11 January].

Daiwa will reveal the plan, involving 15 branches in the United States, in a business improvement program aimed at slashing its overseas operations following alleged fraudulent activities by a bond trader at its New York branch, the sources said.

Daiwa and Sumitomo, both based in Osaka, will sign a formal accord shortly and report it to the Finance Ministry on Friday, the sources said.

The plan, centering on reduced bond dealings abroad, will also include reduced operations at Daiwa's London branch and the closing of its Seoul branch, the sources said.

It also calls for Sumitomo to take over the bulk of 4.7 billion dollars in combined loans currently held by Daiwa Bank Trust Co., a U.S. subsidiary of Daiwa Bank, and two branches in New York and Los Angeles, the sources said.

The sources said Daiwa plans to dispose of problem loans held by its U.S. branches before the scheduled closure of its U.S. operations, the sources said.

Several hundred thousand dollars in checking account deposits at Daiwa Bank Trust may be taken over by the Bank of Tokyo, they said.

Daiwa Bank is likely to post proceeds from its U.S. branches' sales to Sumitomo as an extraordinary profit in a balance sheet to March 31.

In November, Daiwa was ordered by U.S. regulators to close all its banking operations in the U.S., following

the revelation that the former New York branch bond trader allegedly concealed 1.1 billion dollars in losses he had amassed through unauthorized deals over an 11 year period.

Economist Criticizes U.S. Economic Pressure

OW1001062296 Tokyo HATSUGENSHA in Japanese Jan 96 pp 10-14

[Article by Tsuneo Iida, economist/professor at the International Center of Japanese Culture: "Japan Must Not Be at the Mercy the Unbridled U.S. Economy; Japan Must Stop Being a 'Country Without Strategy' on the Economy"]

[FBIS Translated Text] "Maekawa Report" Was Based on Wrong Logic [subhead]

Reports on the current state of the Japanese economy and on its prospects in the immediate future are only of the kind that make me very gloomy. I do not see one bright spot. It may be too late to regret what was done in the past, but still I must write about it.

Recently, I published a book titled "Let's Stop Doing Everything as Told by the United States [Amerika no linari wa Mo Yameyo]". The rather radical title can be said to say it all. We must ask ourselves if we are not about to tragically lose another "war" with the United States.

There was a time when Japan's economic power was truly peerless. When was it that we heard that the United States, which had looked upon the Soviet Union as the greatest threat to it and as an assumed enemy, was looking at Japan in a similar manner? I feel as if it was a long, long time ago. Now, the United States is steadily winning victories over its new assumed enemy, Japan. The U.S. tactics of harassing Japan about everything it does started by blaming that country's huge trade deficit on Japan, despite the fact that this deficit actually comes from the failure of Reaganomics in the first half of the 1980s. But Japan accepted the U.S. logic, which cannot but be called wrong, by issuing the so-called "Maekawa report."

The "Maekawa report" in essence said:

"Japan has so far (until the time the Maekawa report was issued) neglected to expand its domestic demand and has thus caused much trouble for the United States and other foreign countries. Japan expresses its sincere apology for this. Regretting what it has done, Japan will change. Hereafter (after the Maekawa report was issued), Japan will make sincere efforts to expand domestic demand and reduce trade surplus. So please forgive us."

The most Japan would be able to do in reducing its surplus by expanding domestic demand would not have amounted to more than a few billion or single-digit billion dollars, which is "only a drop in the bucket" or "within the range of a minor aberration" [gosa no hani nai] as compared with tens of billion or two-digit billion dollars in the U.S. trade deficits. In other words, Japan in its "Maekawa report" promised something which could not be kept.

When a country makes a promise which cannot be met, but still tries to keep it, there is no other way but for it to do things in an excessive manner. Japan tried to expand its domestic demand too excessively, and overly relaxed its finances in hopes of making that possible. That brought about an excess in money supply, which caused a bubble economy.

There is no need even to talk about how stupid banks and other financial institutions were when they ran around, giving out loans irresponsibly. The huge bad debts left by them are now shaking the stability of the whole financial system from its foundation. The insecurity of the financial system can be said to be the most serious dark cloud hanging over the path of the Japanese economy right now.

But come to think of it, these banks and financial institutions ran around stupidly to give out their loans only because they had so much money with which they did not know what to do. Certainly, their actions are not to be praised, but still there is no doubt that the real responsibility for the situation should be laid on the people who caused the money glut. The responsibility of our policy authorities, who have gone too far to expand the domestic demand and to relax the finances under U.S. pressure, can never be overemphasized.

Neither was the position of the public in those days so praiseworthy, thinking that "if the expansion of domestic demand can help improve business conditions, we should welcome it." In an economy, there are several things which are more important than business conditions. Why did Japan not reject the U.S. demand on the overall demand policy at that time and take a little more firmer position?

Japan Will Come To Regret Excessive Deregulation

Another keyword topic that came with the "domestic demand expansion" in discussing the Japan-U.S. trade friction issue at that time was "market liberalization." That topic held a big place in the "Maekawa report" too, and that topic has more recently come to be called in the different name of "deregulation."

The "Hosokawa report's" reference to that issue can be summarized as saying: "Japan so far (i.e. until the time

the Maekawa report was issued) has neglected to open up markets, and has caused much trouble for the United States and other foreign countries. Japan expresses its sincere apology for that. Regretting what it has done, Japan will change. Hereafter (i.e. after the Maekawa report was issued) Japan will make efforts to open up its market, and thus to make sure the trade surplus is reduced. So please forgive us."

According to that report, the reason Japan's imports were not growing while its trade surplus was growing is because the Japanese markets were closed. If what the report said was correct, Japan should have been able to resolve the problem by liberalizing its markets. And if the markets were supposed to be closed because of intricate control mechanisms put in by the Japanese Government against imports, then the demand for "market liberalization" would become synonymous with the demand for "deregulation." That is a point of recent debate.

I will not declare that Japanese markets are not closed. Nor will I say that there are no regulations in the Japanese economy. But is Japan the only country doing this? Where in this world is a market-economy country which is completely open and does not have regulations?

Japan is probably no more than a very ordinary market economy. In other words, the perception [preceding word in English] the United States and other countries have of the Japanese economy as being "closed" and as to "markets" and "regulations" is obviously very excessive and extremely unfair [preceding word in English]. Why did Japan not present an opposing argument firmly against this perception before it spread to the whole world?

The most closed part of the Japanese market is, no doubt, that of farm products, particularly rice. When the "Maekawa report" came out, I remember posing a question to a friend, who was an agricultural economist, regarding the rice market. I asked him, "If Japan liberalized the importation of rice, how would Japan's total imports change?" His answer was that the imports would grow by a few billion dollars, which was a single-digit billion figure. If that was correct, this would be exactly the same situation as that of the expansion of domestic demand. In other words, the imports would have no more effect than "a drop in the bucket" on efforts to remedy the problem of the U.S. trade deficit that runs into the tens of billions of dollars or double-digit billion dollars.

The Japanese economy is now faced with a major ordeal, while being threatened by the uncertainty of the financial system caused by the collapse of the bubble economy, the bubble of which was created by programs

to "expand domestic demand" too bullishly under the pressure of the United States. Japan must fight this ordeal, while fighting other countries' very unfavorable perceptions of its markets as being very tightly "closed." At the beginning of this article, I wrote, "We must ask ourselves if we are not about to tragically lose another 'war' with the United States." I wrote that from this context.

My view on "deregulation," a topic so many people talk about these days, is: "I am afraid, just as the 'demand for domestic expansion' went too far and thus ended in a catastrophic failure, 'deregulation' could head for the same fate and also come to be regretted in the future." Of course, if we want the business people to do as they please to earn money, there is no better thing to do than to remove all "regulations."

But in a market economy, some kinds of rules are necessary to protect the wellbeing of the general public. Having these rules is something which is only natural — so natural that it is embarrassing even to talk about it here and now once again.

Japan's Economists Who Dance to the U.S. Strategy

When I hear incredibly naive economists speak about "deregulation," I have difficulty understanding what they are saying. I wonder if they really think the market economy is that perfect.

Of course, I am not saying I have not seen signs of such very frivolous "economic thinking" also emerging in countries like the United States following the collapse of communism. But I think that is simply a phenomenon of some people becoming "carried away."

Or maybe, such frivolous economic thinking fits the circumstances of the United States. But there are great differences between the circumstances of Japan and those of the United States. Furthermore, the central point of the issue is not in the question of whether the circumstances are appropriate or not. It is much more serious than that.

When the United States makes its "the-market-is-everything argument" against Japan, what lurks behind that argument is the strategic intent of that country. Its apparent intent is somehow to hold down the rising Japanese economy. If the Japanese public or Japanese economists dance to such argument, that cannot but be called an "act of aiding the enemy" [riteki koi].

I used the word "enemy," but I do not particularly consider myself a fanatic nationalist [preceding two words in English]. I understand very well the importance for Japan of maintaining friendly relations with the United States. But when I see the present state of things,

I cannot but feel acutely the sorrow of losing a war. This is too much.

As I wrote above, as far as Japan is concerned, the "Maekawa report" contained a promise which could not be kept. Japan probably was reluctant and was obliged to make that promise. And it is possible that the United States forced it on Japan, knowing very well that this was a promise that could not be kept.

Japanese economists and the Japanese "public" now think in the style of the "Maekawa report," viewing it as omnipotent and valuing it like a Bible. Probably, Japanese "common sense" thinking is that Japan erred by not carrying out the "Maekawa report" which was such a very excellent report. I wonder if a nation's loss of a war means its "loss of its soul" as well.

Misery of "A Country Without Strategy"

Yet, I do not think the strong yen or the weak yen was a result of any real U.S. strategy. It is likely that the United States, the key-currency holding country, became overconfident, and neglected to exercise discipline in operating its total demand policy, thus causing the situation of the strong yen and the weak dollar. But there are signs that that country chose not to do anything when Japan screamed about it. Maybe, we could call that part a U.S. strategy.

What is amazing, meanwhile, is the fact that Japan has completely overcome that situation — at least up until now. Frankly, that is fantastic. Why that was possible, I think, was because there was the power of the "Japanese-style economic system" which almost all people only speak badly of these days.

No one can tell about the future for sure, but I think that until the time the United States starts to exercise discipline in its economic operations, the trend of the strong yen and the cheap dollar will continue, and, basically, there will be nothing Japan can do about it. What I foresee in the immediate future is the further strengthening of the yen.

And Japan will somehow overcome that situation once more. The so-called industrial "hollowing out" in the form of internationalizing the division of labor will go on. But it would be an excessive exercise of imagination to think Japan will stop producing things in its own land altogether.

But looking back on the Japanese economy of the past several years, I feel so sad about Japan, this "country without strategy." Japan missed its best-ever chance to make its economy leap ahead one step. The "Japan money" [preceding two words in English] was once a hot talk topic, but Japan generally wasted that money.

If Japan only had some sort of strategy to deal with it, the country could have something tangible left.

This is like the situation in a baseball game wherein a pinch hitter is sent in to make the best of two outs with the bases full, but the batter went down swinging. There will probably be no choice but for the Japanese economy to start all over again.

Reports on Auto Accident Involving U.S. Marine

KYODO Reports Accident

OW0701103696 Tokyo KYODO in English
1023 GMT 7 Jan 96

[FBIS Transcribed Text] Naha, Japan, Jan. 7 KYODO — A car driven by a lance corporal from the U.S. Marine Corps stationed at Futenma Base in Okinawa prefecture ran over a woman and her two daughters Sunday afternoon [7 January], killing all three, police said.

The accident took place at around 1 p.m. in the town of Chatan north of the Okinawa capital of Naha.

Police identified the victims as Rojita Kinjo, 36, a Japanese citizen originally from the Philippines, Mitsuko, 10, and Mariko, 1, from the city of Ginowan, just south of Chatan.

Traveling at considerable speed, the vehicle, driven by Lori Padilla, apparently went onto the sidewalk and hit the three, who died of head injuries.

The 20-year-old Marine and another woman in the car were injured and taken to a U.S. Navy hospital, police said.

In Okinawa, home to 75 percent of U.S. bases in Japan, antimilitary sentiment has risen since the rape of a schoolgirl in September, in which three U.S. servicemen are on trial.

Further Details Provided

OW0801092296 Naha OKINAWA TIMES in Japanese
8 Jan 96 Morning Edition p 1

[FBIS Translated Text] At about 1300 [0400 GMT] on 7 January, a private vehicle driven by Lori Padilla, a 20-year-old U.S. Marine Corps lance corporal stationed at Futenma Base, hit a housewife and her two children who were walking on the sidewalk along Highway 58 in Kitamae, Chatan Town. The victims are: Rojita Kinjo, 36, and her two children, Mitsuko, 10, and Mariko, 1. They lived at 3-30-5, Isa, Ginowan City. Mitsuko is a student at the Oyama Primary School. All of them died of serious head injuries in about an hour. Carrie Smith, 23-year-old private first class

from the same base who was riding with Padilla, was injured with broken arms and sent to U.S. military base hospital. This is the first auto accident with deaths that has been reported in the Okinawa Prefecture since the beginning of this year. According to the Okinawa City Police Department [OCPD], the accident must have been caused by Padilla's losing control of the steering wheel while driving over the speed limit. Since it is a very serious accident, the OCPD is considering launching compulsory [kyosei] investigation, including taking those involved into custody.

According to the OCPD investigation, the vehicle driven by Padilla was going from the direction of Kadena toward Ginowan City at a considerably high speed. About 40 meters from the cross section, the car changed lanes from the second to the first because it wanted to enter the camp. At this point, the driver lost control of the steering wheel, and the car got onto the sidewalk. The car slipped while rolling; hit Mrs. Kinjo and her children who were walking on the sidewalk; and crashed into the pillar of the overhead bridge, with the car totally wrecked.

Mrs. Kinjo and her children were on their way home after attending service at a church in Mizugama, Kadena Town, in the morning. It is believed that they were hit while heading for the overhead bridge to return to their home, which is about 250 meters from the accident site. Reportedly, Padilla and her friend were on their way for shopping on another U.S. military base.

The accident took place on an open and straight road near the gate to Camp Zukeran. A long trace of tire marks was noted from the road to the sidewalk. Auto parts believed to be part of the vehicle were scattered about around the pillar of the overhead bridge onto which the car crashed, and also near the fence, indicating seriousness of the accident. It being a Sunday, heavy traffic was noted on the highway with cars filled with people going shopping or going on excursions. The accident resulted in a serious traffic jam because cars were temporarily restricted to use only one lane on this three-lane highway.

A 22-year-old female worker at the nearby gas station who saw the accident called the police. In describing the accident, she said: "When the car hit the mother, she went up into the air nearly as high as the traffic signs. I was really surprised."

Vice Minister Comments

OW0901114996 Naha OKINAWA TIMES in Japanese
9 Jan 96 Morning Edition p 21

[FBIS Translated Text] Tokyo — Referring to a car accident in Okinawa in which three citizens were killed

by a U.S. soldier on 7 January, Administrative Vice Foreign Minister Sadayuki Hayashi told a regular press conference on 8 January that "it is regrettable, and we will try not to let the accident affect the process of settling the bases issue on Okinawa."

Asked whether the government will ask the U.S. authorities to hand over the military personnel, Hayashi said: "That will be determined by the police and judicial authorities. With this in mind, the ministry wants to join them in making a decision."

Asked whether the case falls under the recent Japan-U.S. accord on improving operational procedures of the Status of Forces Agreement — which allows Japan to take charge of a suspect if the case is serious enough — Hayashi said: "I want to refrain from expressing my views at this time."

U.S. Commander Offers Condolences

OW0901124096 Tokyo KYODO in English
1222 GMT 9 Jan 96

["U.S. Voices Apologies For Okinawa Car Accident" — KYODO headline]

[FBIS Transcribed Text] Naha, Japan, Jan. 9 KYODO — The commander of the U.S. Marine Corps based in Japan expressed "sincere condolences" Tuesday [9 January] for the victims of a fatal car accident in Okinawa Prefecture allegedly caused by a U.S. servicewoman.

Maj. Gen. Wayne Rollings issued a statement, saying the accident was "a terrible tragedy."

"I offer my deepest condolences to the family," the statement said.

On Sunday, a car driven by Lori Padilla, a lance corporal from the Marine Corps stationed at Futemma base in Okinawa, southwestern Japan, ran into a woman and her two daughters, killing all three.

The accident took place at around 1 P.M. in the town of Chatan, north of the Okinawa capital of Naha.

Police identified the victims as Rojita Kinjo, 36, a Japanese citizen originally from the Philippines, Mitsuko, 10, and Mariko, 1, from the city of Ginowan, just south of Chatan.

Traveling at considerable speed, the vehicle apparently went onto the sidewalk and hit the three, who died of head injuries.

The 20-year-old marine and another woman in the car were also injured.

"My words cannot adequately describe the sorrow I feel for the Kinjo family. I know I speak for all marines, as

we grieve with them and offer our sincere prayers for all those involved," the statement said.

"The driver of the vehicle has expressed deep remorse over the accident and is cooperating fully with accident investigators."

Ministry Said Giving Priority to ROK, DPRK

*OW0601100996 Tokyo KYODO in English
1004 GMT 6 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 6 KYODO — The Foreign Ministry has put top priority on improvement of Japan's relations with both North and South Korea this year, ministry officials said Saturday [6 December].

They said the ministry hopes to hold a meeting of foreign ministers between Japan and South Korea in the near future to realize an agreed plan to launch a joint study on history.

The session will also be designed to coordinate ways to improve relations with Pyongyang, they said.

Japan and South Korea plan to coordinate their policies toward North Korea at a tripartite subcabinet-level meeting with the United States to be held in Hawaii on Jan. 24-25, the officials said.

Japan came up with a history study plan after its relations with South Korea soured in November last year over Japan's 1910-1945 colonial rule of the Korean peninsula, they said.

The officials said the Foreign Ministry hopes to start the joint study on history by academic representatives from both countries within this month.

At the Hawaii meeting, Japan will probe the possibility of extending humanitarian aid, such as food aid, to North Korea which is reportedly suffering from an acute food shortage, they said.

The ministry hopes that humanitarian aid will help improve relations between Japan and North Korea and pave the way for resumption of diplomatic normalization talks, suspended since November 1992, the officials said.

Japan also plans to discuss with South Korea details of the burden sharing for a nuclear power reactor project in North Korea, they said.

The project calls for the two countries and the U.S. to provide North Korea with two modern nuclear reactors that will replace graphite-moderated reactors Pyongyang stopped constructing.

The project is based on a reactor supply contract North Korea signed in December with the Korean Peninsula Energy Development Organization (KEDO),

a consortium founded by Japan, South Korea and the U.S.

Nosaka Says Rice Aid in Transit to DPRK

*OW1001084096 Tokyo KYODO in English
0825 GMT 10 Jan 96*

[FBIS Transcribed Text] Tokyo, Jan. 10 KYODO — North Korea is close to receiving half of the 200,000 tons of rice aid offered by Japan three months ago, a top government spokesman said Wednesday [10 January].

As of Wednesday, 77,000 tons of rice have left Japan for North Korea and another 29,000 tons is being loaded, Chief Cabinet Secretary Koken Nosaka said in his last regular press conference before the cabinet resigns Thursday with Prime Minister Tomiichi Murayama.

Tokyo agreed in June to send 300,000 tons of rice to Pyongyang, including 150,000 tons without charge, and in October another 200,000 tons on a 30-year deferred-payment formula with a grace period of up to 10 years.

Japan has waited for North Korea to send ships to fetch the second installment of the food aid, he said. The first 300,000 tons have already arrived in North Korea, he said.

Nosaka suggested that Japan is considering sending more rice aid if Pyongyang asks for it, saying the flood-triggered food shortage in North Korea is expected to become worse around June.

On Tuesday, Agricultural Minister Hosei Norota said a third aid package should come only if Pyongyang produces an exact account of how it has distributed the rice in the first two packages.

DA To Propose Expanded Exchanges With PRC

*OW0901032796 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 7 Jan 96 Morning Edition p 2*

[FBIS Translated Text] The Defense Agency [DA] has decided on a plan to expand security exchanges with the PRC, including the exchange of visits by training fleets. Masahiro Akiyama, chief of the DA's Defense Policy Bureau, will propose the plan to the PRC during his three-day visit, which is scheduled to begin on 13 January. No notable moves have been reported lately regarding security exchanges with the PRC because of various reasons such as the international community's criticism against the PRC for its nuclear tests. However, noting that the United States has begun full-scale moves toward the resumption of military exchanges with the PRC, the DA has decided to expand exchanges with the PRC.

So far, security exchanges between Japan and the PRC have been limited to the exchange of visits by influential leaders. After Yuko Kurihara, DA director general (at that time), visited the PRC in 1987, exchanges were suspended due to the Tiananmen Square incident in 1989. Since then, exchanges have been gradually resumed, and Joint Staff Council Chairman Tetsuya Nishimoto made his visit to the PRC last February. Currently, such issues as the nuclear tests have aroused controversy, and "the argument about the danger coming from the PRC" has begun to surface among Western countries. Under such circumstances, the exchanges between Japan and the PRC have remained at a standstill.

Meanwhile, the Clinton administration of the United States advocated its "policy toward the PRC" of "not isolating the PRC, but of getting mutually concerned," (as stated by Defense Secretary William Perry). And during his visit to the PRC in mid-November, former Assistant Secretary of Defense Joseph Nye (in charge of international security) agreed with senior Chinese military officials on expanding military exchanges.

From the standpoint of keeping in step with the U.S. moves, the DA has studied measures to expand exchanges in its own way, and decided to make the following proposals to the PRC: 1) exchanges of visits by training fleets from the Maritime Self-Defense Force and the Chinese Navy; 2) inviting Chinese military exchange students to study at the Defense Academy, or take various training courses at the Self-Defense Forces and the Defense Research Institute; 3) expanding an invitation to Chinese military officials to the international research conference on security under the DA's sponsorship.

Editorial: Four New Year Diplomatic Objectives

OW0801133396 Tokyo MAINICHI SHIMBUN
in Japanese 4 Jan 96 Morning Edition p 3

[Editorial: Act Upon Ideals of Constitution — Overcoming Narrow Nationalism]

[FBIS Translated Text] There are many elections scheduled for this year. The United States, Russia, and Taiwan will choose presidents, while South Korea, Palestine, and Israel will hold general elections. Bosnia-Herzegovina also plans to have an election to restore the nation. And Japan will be no exception.

Elections tend to make a country look inward, where diplomacy is often influenced by domestic politics. Governments' self-centered attitude could cause an unexpected international conflict in this context.

Last year, something undescribable happened in Japan: The burgeoning appearance of nationalism. It created a

strange illusion in our collective psyche that both leftists and rightists held no scruples in joining in the chorus.

It was the rape of an Okinawan schoolgirl by three U.S. servicemen that made us clearly see what is happening. However, several signs were already evident even before that incident.

Easy on Itself but Strict With Others

Take, as an example, the no-war Diet resolution to commemorate the end of World War II. An express apology was deleted from the resolution, and significant numbers boycotted the session that adopted it. A freshman member, born after the war, wondered aloud why he and his peers should be asked to reflect on something in which they had no role. Several senior Foreign Ministry officials deplored their attitude, with one stating: "It doesn't mean our view of history has changed. These people; however, refuse to learn from history, which is a serious problem." This member was alarmed at the vehemence exhibited by young Dietmen against the French and Chinese nuclear tests. "They were saying, 'Japan is right and they are wrong, so we must fix them by every means possible.' Such self-righteousness reminds me of our recent past."

While allowing its younger members to destroy the no-war resolution, Japan's Diet adopted a resolution denouncing these two nations for their nuclear testing. This is a country that is strict with others but not with itself. More than a few foreigners would agree with this view.

The rape of an Okinawan schoolgirl was a hideous crime. Many Japanese people indeed might have felt it was Japan itself that was raped. Furthermore, the government's slow reaction added fuel to people's anger.

But the loud chorus of "Yankee, go home,!" joined by a certain segment of the media, went too far, as if to denounce the United States as a whole, going beyond the rogue individuals. The outcry could have sparked nationalistic animosity across the Pacific.

According to one critic, nationalism originates in the dark, resists objective study, and vanishes under intellectual scrutiny. Conversely, nationalism attracts people as if it were something inviolable and absolute.

In postwar Japan, nationalism was first revived by leftist antiwar and anti-U.S. campaigns, echoing the calls for independence and nonalignment that arose throughout Asia.

However, it is with the rightists that the main thrust of nationalism is found. They started by challenging

historic interpretations along the lines of the Allied war crimes tribunal in Tokyo, went on denouncing the "imposed" Constitution, and called for rearmament and a defense build-up.

The collapse of the Cold War and the coalition between the Liberal Democratic Party and the Social Democratic Party of Japan have given a new impetus to right-wing nationalism. This year, nationalism might be seen in some political scenes.

It is difficult enough to maintain good diplomatic relations with the international community in an election year. It will be all the more difficult with the emergence of nationalism. If our diplomacy were impaired once, it may not be restored, and even if it was it could deteriorate further. Suggestion of Four Diplomatic Principles [subhead]

But this trend should not be allowed to distort our foreign policy. Now, let us reaffirm Japan's diplomatic path to follow.

First, we need to go back to the ideal of peace as envisaged in the Constitution, as this year marks its 50th anniversary. Although the pacifist ideals of our Constitution had been kept in the closet during the Cold War era, it is time we made efforts to live up to them.

Second, we should emphasize both the United States and Asia, instead of wavering between them. Some people who are fed up with trade frictions with the United States often say, "If we can't make it with the United States, we have Asia." This is an easygoing way of thinking. Japan-U.S. relations are among the most crucial issue in the world. Any cracks in that relationship would mean the first steps toward our isolation.

At the same time, we should understand that the Japan-U.S. Security Treaty is not the only security framework our nation must maintain. Keeping this in mind, our government must exert its leadership in bringing about a multilateral Asian security arrangement, nuclear disarmament, and conventional arms reduction.

Third, we should strive even harder to promote free economies while aiding developing countries. Some pessimists are saying that Japan only has money; this is not true. Our tax money is a product of our honest work: Spending it to help bring about international prosperity and stability is a great contribution to the world.

Fourth, the Foreign Ministry is urged to promote the nation's diplomacy with the people. In other words, the ministry should broaden access to information to gain stronger public support, which is what the ministry most lacks. Its secretive practices have been quite disturbing to our eye. For example, while the ministry promised

open to public scrutiny some 30-year-old diplomatic documents, the most crucial ones were never released. If the continues to act in this manner it will never gain public support.

Above all, we should not aspire to play a grandiose international role. To create an unpretentious but indispensable Japan should be our aim.

MOFA, Other Ministries Struggle for Influence

OW1101053696 Tokyo SHUKAN DAIYAMONDO
in Japanese 13 Jan 96 pp 130-131

[Article by Tadahide Ikuta from the "Deep Structure of Kasumigaseki" series: "MOFA Clashes With Other Ministries Over Meetings and Information Access; Next Tough Task Ahead Is To Have Treaty Ratified"]

[FBIS Translated Text] On international matters, there are two things over which the Ministry of Foreign Affairs [MOFA] clashes with the Ministry of International Trade and Industry [MITI], the Finance Ministry, or other influential central government offices.

One, which takes place between MOFA and MITI or between MOFA and the Finance Ministry, is over the question of who should attend summit meetings and other important international meetings.

Saying MOFA is the office which represents the Japanese Government internationally, that ministry insists it should man delegations to these events with top MOFA officials like its foreign minister, administrative vice minister, deputy ministers, and local ambassadors. But such other powerful ministries as MITI and the Finance Ministry insist their senior leaders should attend as well, and these ministries are known to fight over this matter until the last moment before the opening of these international events.

A leading director of an economic ministry said: "The more important the international events are, the fiercer the battles become over who should attend. They will not give in as they believe this is a matter of face for them. We at the working level think that what is to be discussed in these meetings is more important than who attends them. But we always wind up using all our time 'adjusting' views with MOFA officials on the question of who should attend. This is indeed stupid."

They should at least complete "adjusting" views at the stage of preparing for these events in Japan rather than carrying the ugly fights overseas to the sites of the events. But the stupidity of the power struggle in Kasumigaseki is such that even such a basic thing cannot be done.

The other struggle which takes place between MOFA and other ministries constantly is over "information."

A huge volume of information flows into MOFA from overseas networks every day. The ministry is supposed to relay important political information to the Prime Minister's Office and economic information to ministries and agencies concerned. But MOFA is said to tend to be hesitant about sharing information with MITI, even while attending important international meetings.

A MOFA staff official explained the reason for this: "Diplomacy is done by bargaining. We must not reveal our intentions. In the past, when we supplied 'top secret information' to MITI, that information often was leaked to news media people. We cannot hand over information to MITI because of the risks involved."

Regarding this remark, a MITI staff official said:

"To be sure, there may have been incidents of information leaking from our ministry to news media people. But that is a problem of MITI itself and cannot be a reason for MOFA to refuse to provide important information to MITI."

"MOFA once failed to provide MITI with information on a certain important matter, and the lack of that information led to an international problem. At that time, Kunihiko Saito, administrative vice minister of foreign affairs (and currently ambassador to the United States), is said to have severely admonished the MOFA official who was responsible for the situation."

"In attending international meetings, all the ministries and agencies concerned should work in unity, and exchange information with each other. But that is not done."

We have come to wonder if this government can perform its diplomacy appropriately under such conditions. Successful Cooperation Over APEC Was Exceptional; With MITI Power Declining, Hashimoto Used Personal Power [subhead]

Then, how were the things at the Asia Pacific Economic Cooperation (APEC) Osaka conference held in November 1995?

Hiromoto Seki, ambassador in charge of APEC, recalled:

"Things went very well. Should I say the share of contributions was 51 percent of MITI's wisdom and 49 percent of MOFA's adjustment functions?"

"This time, MITI did not try to act like a master by boasting that APEC was its own creation as it did a couple of years ago."

"Right now, it is not just MITI, but every one of the ministries that has its hands full with its eyes fixed on the domestic situation."

"It is a time when MOFA must be on the alert and handle international matters with good judgment."

In response to this view, a staff official of MITI's Industrial Policy Bureau said:

"I would not say there was no friction, but I agree things went fairly smoothly."

"Everybody knows that our ministry pushed for the creation of the APEC forum. It may be said that MOFA was respectful of our ministry this time."

If what these officials said is correct, that would mean the recent APEC Osaka meeting was one rare case of an international meeting where there was little friction among government offices. But that appears to have a reason as well. A senior official of the Ministry of Agriculture, Forestry and Fisheries [MAFF] gave his own "analysis":

"MITI is different from in the past, and it does not have the pomp it used to have. Other offices no longer listen to what MITI says. There is no doubt that APEC was a creation of MITI. But this is no time to talk about that sort of thing."

"I personally think the APEC event went well this time, because MITI Minister Ryutaro Hashimoto was president of the Liberal Democratic Party [LDP] and also deputy prime minister. I understand MITI officials asked Hashimoto to use his power to tell MOFA to do the work of adjusting views with other ministries."

Anyway, we should welcome the fact that Kasumigaseki's power struggle was not carried into the international arena this time.

To be sure, MOFA and whole of Kasumigaseki did take care of the APEC issue well enough, but there is no guarantee at all that this condition will continue into 1996. Treaty Ratification To Be Cause of Troubles for MOFA; Strife Can Arise With MAFF Over Relations With PRC, ROK [subhead]

While one of the major issues to be dealt with at the Diet session opening in March 1996 will be the ratification of the "UN Convention on the Law of the Sea" [UNCLOS], the two ministries involved in this matter — MAFF and MOFA — now appear to be heading for a fierce clash.

The UNCLOS is said to be "the greatest treaty in history." Some 10 years has been put into writing it, and 12 more years will need to pass before it becomes effective.

Japan will eventually ratify this treaty, but it has a difficult problem to resolve. The problem is that the PRC and the ROK are reacting strongly to Japan's plan to exercise rights over a 200-mile territorial sea boundary pursuant to that treaty.

The ROK ratified the treaty last December, and the PRC is expected to ratify it in the first half of this year. As such, the two countries are not objecting to the treaty itself, but they insist that Japan should allow their fishing boats to fish within Japan's 200-mile territorial sea boundary, provided they do not come within the 12-mile zone. While MAFF wants to ban other countries from fishing in Japan's 200-mile range, these two countries are said to be protesting this very strongly.

A senior MAFF official in charge of this issue said:

"While the PRC and the ROK have not been talking about it recently as much as they did before, they are still taking note of the fact that the Japanese fishing boats used to come near the limit of their own 12-mile territories to fish.

"At present, Japan bans fishing of some species of fish during the June-August period to preserve resources. But since the Korean fishing boats come very close to the 12-mile limit to do their fishing, that ban on fishing is utterly meaningless.

"Our belief is that if these countries join the UNCLS, they should abide by its rules"

The position on this question within MOFA, meanwhile, is said to be divided. The officials of its Treaties Bureau's International Conventions Division and the Economic Affairs Bureau's Ocean Division think the same way as the MAFF people, and say that the PRC and ROK fishing boats should not fish within the 200-mile boundary. But the officials of the Asian Affairs Bureau's China Division and Northeast Asia Division are said to be against this as they think that if Japan makes such demand at this point in time, its relations with these countries will only worsen.

The same senior MAFF official complained:

"MOFA has continued to take a very tough stance on Russia over fishing issues, but it is so weak-kneed before the ROK and the PRC. The ministry acts so modestly before them that we wonder why.

"Probably, insomuch as the fishing issues involve national interests, MOFA thinks 'fire bombs' will be thrown into Japanese embassies if Japan tells the two countries [about the banning of fishing in the 200-mile zone].

"But what will other countries say if Japan closes its eyes to the 'sneaky' operations of these two countries'

fishing boats just because it does not want a problem to arise?"

Naturally, this matter will come up for debate in the Diet. MAFF will push its *suisan zoku* [dietmen lobbying for interests of fishing industry] into assailing MOFA's weak-kneed stance.

What will MOFA do if that happens? Will MOFA's top leaders do the tough and dirty work of resolving the intraminsty problem of divided views? It looks like this is going to be an occasion to test and see whether this is really the "era of MOFA" (as claimed by MOFA officials).

Finance Minister Kubo's First Task: Loan Issue

OW1101104596 Tokyo KYODO in English
0940 GMT 11 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO — Newly appointed Finance Minister Wataru Kubo faces one of the toughest jobs in the new cabinet formed by Prime Minister Ryutaro Hashimoto — how to proceed with a scheme for the liquidation of ailing housing loan companies.

Kubo, 66, also named to serve as deputy prime minister concurrently, is sure to come under fire from the opposition camp for the Finance Ministry's controversial decision on the use of taxpayers' money to help cover losses stemming from the liquidation of seven housing loan companies saddled with heavy problem loans.

Amid growing public criticism of the use of taxpayers' money, the biggest opposition party, Shinshinto (New Frontier Party), is ready to pursue the government's responsibility at the next ordinary Diet session that starts Jan. 22.

Kubo is a veteran politician with bargaining power, but his clout as finance minister has yet to be tested.

Before taking the key cabinet post, he served as secretary general of the Social Democratic Party [of Japan], led by Tomiichi Murayama, Hashimoto's predecessor, since the autumn of 1993.

Though he has long experience in Diet affairs as the No. 2 man of the socialist party, this is the first time Kubo has assumed a cabinet portfolio.

When the Socialist Party was in the opposition camp, Kubo served as "finance minister" in the party's "shadow cabinet."

He has been elected four times to the House of Councillors, or the Upper House, from Kagoshima Prefecture. Before entering the political world, Kubo served as a high school history teacher for 11 years.

Minister Kubo Says Ready To Fight Bad Loans

OW1101123196 Tokyo KYODO in English
1157 GMT 11 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO — Newly appointed Finance Minister Wataru Kubo said Thursday [11 January] he is ready to tackle Japan's bad-loan problem which has shaken the nation's financial system.

Making a first appearance before reporters after being named as finance minister, Kubo said, "to stabilize the financial system is the most important political task. In particular, the disposal of bad loans at housing loan companies is crucial."

"I feel deeply how heavy my responsibility is...I will do my best to resolve the issue," said Kubo, secretary general of the Social Democratic Party.

Meanwhile, Shusei Tanaka, new director general of the Economic Planning Agency, told reporters he will do his utmost in undertaking important economic tasks.

"Following rails that have already been laid down, I will try to steer the economy steadily," Tanaka said.

Tanaka, a senior member of new party Sakigake [Harbinger], was referring to the government's economic growth forecast for fiscal 1996 and the nation's new six-year economic plan, both of which were crafted under the administration of Former Prime Minister Tomiichi Murayama.

Coalition Launch Forum To Create New Party

OW1001145296 Tokyo KYODO in English
1453 GMT 10 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 10 KYODO — Members of the ruling coalition, including outgoing Prime Minister Tomiichi Murayama, and other leading social figures launched a new political forum Wednesday [10 January] to engineer another new alliance of political power.

The forum "on the future course of Japan" was formed by senior members of the tripartite coalition made up of the Social Democratic Party (SDP), New Party Sakigake [Harbinger] and the Liberal Democratic Party (LDP) as well as scholars and other leading cultural figures.

Addressing the opening ceremony, both Murayama, chairman of the SDP, and New Party Sakigake head Masayoshi Takemura, both of whom took the lead in arranging the forum, showed eagerness to play a pivotal role in creating a new "liberal" party.

Takemura told a press conference after the ceremony that the forum will be open to anyone who is suitable,

including members of the main opposition party, Shinshinto (New Frontier Party).

The SDP and Sakigake have already set up a body to discuss creating a new party, and both Murayama and Takemura now hope the forum can accelerate the move, forum sources said.

The forum's members will hold a regular monthly meeting and will compile proposals on the future course of the country, the sources said.

Those who attended the inauguration ceremony included SDP Secretary General Wataru Kubo and Sakigake's acting head Shusei Tanaka.

Junichiro Koizumi, who lost the LDP presidential election to Hashimoto last September, and former Hokkaido Gov. Takahiro Yokomichi also took part in the forum.

New Year Interview With LDP President Hashimoto

OW0501141896

[FBIS Editorial Report] Tokyo NHK General Television Network in Japanese at 2340 GMT on 1 January carries a recorded, 42-minute studio interview with Ryutaro Hashimoto, president of the Liberal Democratic Party [LDP], by NHK commentator Masaru Nakamura and NHK announcer Atsuko Yamada. The interview is conducted as part of a special program entitled "New Year Interview With Party Leaders."

The interview begins with commentator Nakamura asking Hashimoto to describe his aspirations for 1996. Before stating hopes for the new year, Hashimoto reviews major tragic events in 1995 represented by the Hanshin earthquake and terrorism in the Tokyo subway system. Hashimoto then says he has resolved to strive to make the new year free of such tragic incidents and to put the Japanese economy back on the right path. Asked to evaluate the Murayama administration formed under the three-party coalition, Hashimoto speaks highly of the coalition while noting minor difficulties in managing the coalition.

Asked about the possible transfer of power from Murayama to Hashimoto, LDP President Hashimoto answers: "I think it is impolite to discuss the transfer of power. It is not a matter of the personal exchange of power. We are political party members, and it is certain that the next general election will be held some day. The LDP is making all-out efforts to win the public's trust again and to accumulate power to win back power for one-party rule like our predecessors."

Nakamura asks how the LDP will tackle reforms. Hashimoto stresses that he himself has been pursuing

various reforms, discussing the importance of administrative reform at length, including the consolidation of ministries and agencies.

Asked how the LDP sees people's criticism of the government's measures to help housing loan companies [jusen] by applying public funds, Hashimoto says: "Whether the government's decision was appropriate or inappropriate will be discovered during the course of finding the causes of the jusen issue while making information on the jusen issue available to public." He goes on to say that results of investigations into the causes will be made public in detail, reiterating the need to pursue the responsibilities of the government organizations concerned.

On measures to restore the nation's economy, Hashimoto discusses the present poor employment situation and explains measures being taken such as easing regulations concerning holding companies. He stresses: "In fact, however, what is important is the promotion of research and development. From now on, whether we could plant the seeds for new businesses in the area of science and technology is the key to surviving international competition. Nurturing new industries requires technological development that will be the base of such new industries." He then says an ample budget for research and development was incorporated into the fiscal budget for 1996. Citing New Frontier Party President Ozawa's proposal to raise the consumption tax to 10 percent in 10 years after cutting income and residential taxes by half, NHK announcer Yamada asks the LDP counterpart how he rates Ozawa's proposal. Hashimoto makes a counter-argument, saying Ozawa seems to have made an error in calculation.

With regard to the controversial issue concerning the political activities of religious groups, Hashimoto discusses the LDP's position, noting the need for thorough discussions. Asked whether the LDP will continue to call for summoning Honorary President Ikeda of the Buddhist sect Soka Gakkai, Hashimoto refrains from making a clear-cut answer.

Asked about the timing of general elections, Hashimoto says the power to dissolve the Diet for the election is an arbitrary power given to the prime minister. He then explains the importance of adopting the fiscal budget for 1996 as early as possible so that the new fiscal budget can be implemented from 1 April. He also refrains from showing a clear-cut view on the timing of the election and notes, "we want to stabilize the economic situation as early as possible so the election can be held." On the party's election strategy, Hashimoto says it is difficult to describe the party's election strategy. He then discusses at length preparation being made in each constituency

and says: "When the election comes to be held, we will desperately fight for election in each constituency. What we will do is to make an all-out effort to win back power for one-party rule." While discussing his plan to regain the people's trust of the party, Hashimoto mentions his planned visit to the United States. He says: "This year I want to begin my work by stabilizing Japan's relations with the United States. Various problems emerged last year with the tragic event in Okinawa as a start. We have to search our souls in this case which reflected the fact that we had not recognized the pain of the Okinawan people. At the same time, maintaining Japan-U.S. relations is very important. For this purpose, we will continue to put high priority on the Japan-U.S. security arrangement, and I want to ask for the U.S. Government's help in appealing for the importance of the security arrangement. This is what I have to do first this year."

Hashimoto also discusses how to deal with the NFP led by Ozawa, noting major differences in policies between the LDP and the NFP.

The interview ends at 0022 GMT on 2 January.

Daily Newspapers Urge Early General Election

OW0601023996 Tokyo KYODO in English
0213 GMT 6 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 6 KYODO — Leading Japanese newspapers Saturday [6 January] called in unison for an early general election to hear the vox populi, criticizing outgoing Prime Minister Tomiichi Murayama's intention to hand the helm over to Liberal Democratic Party (LDP) President Ryutaro Hashimoto.

The major dailies, in their editorials, argue the administration of Hashimoto, international trade and industry minister, should serve as a caretaker government for dissolving the House of Representatives "as soon as possible" for a snap poll.

Murayama, Social Democratic Party (SDP) chairman who heads the ruling coalition with the LDP and New Party Sakigake [Harbinger], announced Friday that he is stepping down, regarded by political pundits as a move to give way to Hashimoto's reign.

The ASAHI SHIMBUN said the Murayama government had long played out its role when the unnatural cohabitation of the conservative LDP and the leftist SDP put the premier in a painful political quandary.

Pointing out that the Hashimoto government will be the fourth administration since the last general election in 1993, the daily said the government should seek

the electorate's clear mandate without playing "political musical chairs" any longer.

The YOMIURI SHIMBUN said the Murayama government had found itself in a cul-de-sac with no clear vision for the future of the nation.

In recent months, the ruling coalition could do little better than just postpone decisions on important political issues to avoid any serious squabble within the coalition, the YOMIURI said.

Murayama should have moved to a general election much earlier for renewing the political momentum, the daily said, adding the current coalition has little chance of wielding strong political leadership.

The MAINICHI SHIMBUN criticized the "zenjo" style of power succession in which Murayama is trying to maintain with the current alliance.

Zenjo is a word that describes some cases of ancient Chinese history in which the emperor abdicated his power to a virtuous person, giving up a hereditary succession of the power.

Such a scheme is undemocratic and tantamount to ridiculing the public, the newspaper said, urging Hashimoto to dissolve the lower house as quickly as possible.

The NIHON KEIZAI SHIMBUN also claimed the Murayama administration had overstayed its mission, with its only objective being to maintain its power.

The Murayama's zenjo style power abdication is "a sort of collusion," the leading economic daily said.

The NIHON KEIZAI, however, welcomed the clearer contrast in policy between the ruling coalition and the main opposition Shinshinto (New Frontier Party) that will likely derive from the battle between Hashimoto and the recently elected Shinshinto head Ichiro Ozawa, a former archrival of Hashimoto within the LDP.

LDP: No Election 'Until At Least This Fall'

OW1101133096 Tokyo KYODO in English
1326 GMT 11 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO — Liberal Democratic Party (LDP) Secretary General Koichi Kato said Thursday [11 December] the new coalition government led by Prime Minister Ryutaro Hashimoto will not dissolve the House of Representatives for a general election at least until this fall.

"We were able to realize the change of government without trouble by affirming mutual confidence among the LDP, the Social Democratic Party (SDP) and New Party Sakigake [Harbinger]," Kato told reporters.

"I don't think this change will hasten (the lower house dissolution)," Kato said. "At the earliest, (the dissolution) will be around this fall."

In votes in both houses of the Diet earlier Thursday, Hashimoto was elected the first LDP premier since 1993, succeeding Tomiichi Murayama of the SDP.

Taku Yamasaki, chairman of the LDP's policy affairs research council, also told reporters that the lower house "could possibly be dissolved at an extraordinary Diet session this fall."

Yamasaki showed a negative stance toward a dissolution during the 150-day regular Diet session starting Jan. 22.

"The endorsement of the (fiscal 1996) budget should be given priority (during the Diet session)," Yamasaki said.

Ruling Coalition Agrees on New Policy Platform

OW0701145696 Tokyo KYODO in English
1453 GMT 7 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 7 KYODO — The three ruling parties agreed Sunday night [7 December] on a new policy platform to be pursued under the successor to outgoing Prime Minister Tomiichi Murayama after ironing out their differences over key issues like how to deal with a potential reduction of U.S. bases in Japan and Japan's wartime deeds in Asia.

The secretaries general of Murayama's Social Democratic Party (SDP), the Liberal Democratic Party (LDP) and New Party Sakigake [Harbinger] also agreed to participate more actively in UN peacekeeping activities and aggressively collect claims held by troubled housing loan companies as part of the new policy platform possibly under Ryutaro Hashimoto, LDP president and concurrently international trade and industry minister.

The leaders of the three parties will meet Monday and officially decide to field Hashimoto, 58, as successor to Murayama, 71, also SDP chairman, who announced his resignation Friday.

With Hashimoto expected to be elected prime minister Thursday at an extraordinary Diet session, the three parties are mulling who they will recommend as cabinet ministers.

Ruling coalition officials said the tripartite agreement covers such areas as reform of the United Nations, the Diet, politics, administration and education as well as Japan's pledge not to become a military power again.

Also agreed were such issues as the lifting of curbs on holding companies to promote entrepreneurship and a reduction of the current account surplus to 1 percent of

the nation's gross domestic product from the 1995 level of 2.1 percent.

The three parties also promised to carry out measures to help rebuild areas devastated by the great Hanshin earthquake on Jan. 17, 1995, and fight crimes such as those allegedly committed by the Aum Shinrikyo religious cult.

On foreign policy, the three parties pledged to help normalize diplomatic relations with North Korea while facilitating the implementation of an agreement to provide Pyongyang with two light- water reactors in return for the North's promise to drop its alleged nuclear weapons program.

Under the upcoming cabinet shake-up, the most sensitive position is that of finance minister, with the holder of that post to come under fire over a government scheme to use 685 billion yen of taxpayers' money to help liquidate seven de facto bankrupt housing loan companies, coalition sources said.

Hashimoto is also looking to name an able and stable figure as farm minister, because the agricultural financial institutions over which the ministry has jurisdiction are creditors to the troubled companies, they said.

Hashimoto wants to have LDP colleagues as chief cabinet secretary and deputy chief cabinet secretary, while urging the SDP and Sakigake to place top-level executives in the cabinet as Murayama and Finance Minister Masayoshi Takemura, head of Sakigake, have said they will not join the new cabinet, the sources said.

The second day of talks among the three parties' top policy-makers, held in the afternoon at a Tokyo hotel, also addressed how the coalition should review Japan's financial system in the wake of the housing lender problem.

The policy-makers agreed on thorough disclosure of information, streamlining of the farm financial institutions and the enactment of necessary legislation.

They also reached accord on a prompt review of the Finance Ministry's banking bureau, prefectural governments, the bank of Japan and deposit insurance Corp. so that trouble at financial institutions can be spotted and dealt with quickly.

Murayama announced Friday that he will step down and his 21-member cabinet will resign en masse.

LDP Secretary General Koichi Kato told a press conference that Murayama, Hashimoto and Takemura will meet at 6:30 p.m. Monday [7 December] and officially endorse Hashimoto as the coalition's prime ministerial candidate.

Shinshinto's 'Ties' With Soka Gakkai Viewed

OW0801100796 Tokyo KYODO in English
0939 GMT 8 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 8 KYODO — Prime Minister Tomiichi Murayama, who surprised the nation by abruptly announcing his resignation late last week, attacked the main opposition party Shinshinto (New Frontier Party) on Monday [8 January], accusing it of cosy ties with the lay buddhist organization Soka Gakkai.

Murayama told a meeting of leaders of the ruling coalition parties, "if we think of Soka Gakkai's character, which showed its strength when the religious corporation law was revised, we should not hand over the government to such a party."

"It is important to build a more stable basis through unification (among the coalition)," Murayama said.

Soka Gakkai, the largest religious organization in Japan, is believed to have enabled the victory of Shinshinto in the House of Councillors election last summer because of the solid nationwide network of its members.

Murayama's remarks calling for more unity among the coalition parties — the Social Democratic Party (SDP), the Liberal Democratic Party (LDP) and New Party Sakigake [Harbinger] — were taken seriously among the members who attended the meeting, coalition sources said.

The LDP, whose president Ryutaro Hashimoto is now certain to take over the premiership from Murayama, is particularly opposed to Soka Gakkai due to concern over its influence in a general election.

The LDP played the central role in revising the 1951 Religious Corporation Law in December, but Shinshinto blocked the coalition's attempts to summon Daisaku Ikeda, the de facto leader of Soka Gakkai, to testify before a special Diet committee.

Kato Vows To Maintain Coalition After Election

OW0801103696 Tokyo KYODO in English
0959 GMT 8 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 8 KYODO — Liberal Democratic Party (LDP) Secretary General Koichi Kato said Monday [8 January] the LDP wishes to maintain the ruling coalition with the Social Democratic Party (SDP) and New Party Sakigake [Harbinger] after the next general election.

Kato told a press conference that 275 to 290 seats in the House of Representatives will be needed for a stable government.

The next general election will be held in a new system combining single-seat constituencies and proportional representation to elect a 500-seat lower house.

The ruling coalition has agreed to put LDP president and International Trade and Industry Minister Ryutaro Hashimoto at the head of the government following Prime Minister Tomiichi Murayama's announcement of his resignation late last week.

Kato said there is a strong trust among the coalition partners based on common goals of clear and open politics.

Although the four-year term of the lower house members expires in 1997, speculation has risen that the next general election could be held sometime this year.

NFP's Hata Spells Out Political Platform

*OW0801060396 Tokyo CHUO KORON in Japanese
Jan 96 pp 34-44*

[Article by Tsutomu Hata, vice president of New Frontier Party (NFP): "The Current Liberal Democratic Party Cannot Change the Future Course of Japan"]

[FBIS Translated Text]

(1) Toward Japan's Regeneration - Determination and Choice

We are now in the middle of the largest-scale turning point in the post-war period. The security myth of our country is collapsing with an alarming noise, and social unrest is amplifying. Further, due to the aftereffects of the collapse of the bubble economy, coupled with a radical appreciation of the yen, Japan has not yet climbed out of its economic depression. The collapse of the "1955 order" has immediately been replaced by ongoing turmoil and the advent of a coalition government consisting of the Liberal Democratic Party (LDP), the Social Democratic Party of Japan (SDPJ), and Harbinger — an apparent political relapse.

The foregoing situation was caused by an eruption of fatigue and the distortion of the Japanese-style system in various aspects. It is a political responsibility to closely analyze the root causes of distortion on all aspects of political, economic, and social systems, which were the basis of the prosperity of Japan for the last half-century, and to make a bold reformation. "Government that does nothing" is a breach of trust against people's expectations.

The next election, which will be conducted according to a small constituency combined with a proportional and representative electoral system, will eventually serve to choose "the New Frontier Party or the LDP." Therefore, both parties must assume responsibilities in presenting

their visions of reform in this important phase of the turning point.

The LDP had been able to obtain a wide range of support in the past owing to its enigmatic nature, which adopted and absorbed democratic policies or socialistic policies, and "small government" policies or "big government" policies, depending on the time and occasion under the "1955 order." This was possible under the conservative one-party ruling system of the Cold War structure, in which Japan was able to concentrate on economic development while protected by the Japan-U.S. Security Treaty. This kind of situation for Japan is exactly what is being questioned by the international society.

When Hashimoto became the leader of the LDP, it was believed that a break with the unnatural coalition government structure, which only seeks to maintain ruling power by compromise among the SDPJ and Harbinger, would be pursued. Although I expected that this would bring about a normal opposition for the first time, this was not the case. Essentially, they lack a sense of impending crisis and they have continued to struggle to maintain their political power. It seems that they still cannot leave their traditional ways of thinking behind.

Even after reading Hashimoto's vision as a leader ("Cheer Up, Japan! — 'Declaration For Regaining Self-Confidence'"), I cannot find answers to my concerns. However, in view of his coverage of various prescriptions for ongoing problems, Hashimoto's vision might be considered appropriate for a leader of the LDP.

Am I the only one who thinks that Hashimoto's declaration concentrates on internal medical treatment when surgery is necessary? For example, in "A Scenario To Rebuild a Strong Japanese Economy," three-step economy rebuilding measures are outlined, including a stimulating measure with issuance of deficit national bonds as a premise; reexamination of corporate taxes, negotiable securities transaction taxes, and land transfer profit taxes; and realization of industrial structural reform and creation of a science and technology country.

However, although "individual policies" can be found there, a basic philosophy of the entire vision cannot be found. This is something like giving antibiotics to seriously ill patients on a day-to-day basis, without specifying the root causes of the disease and the necessary prescription or scenario to cure the disease. Until today, politics just sought "individual policies" one after another, such as giving subsidies to farmers, passing bills to nurture and protect industries, and identifying the extent of concessions to correct friction with other countries. This kind of policy was effective within a framework of the East-West Cold War structure at an

international level, while the "1955 order" continued at the domestic level, in which the SDPJ only served as an "opposition party" without gaining ruling power.

This kind of comprehensive method, something like an internal medical treatment method, to cure "everything" had been pursued by the LDP for the past 40 years. As long as the LDP continues to take this method under Hashimoto, no change can be expected in Japan.

It is true that the major goal of Japanese political parties now is to win the next election. The New Frontier Party, as well, has a wish, and it is willing to establish a stable administration by winning the next general election. It is therefore necessary to identify the basic ways of thinking the New Frontier Party is pursuing. This article is a summary of essential ideas that I obtained during a series of discussions with young and core party members, with my friends from various nonparty circles, and with citizens and those who support us by giving enthusiastic opinions on the occasion of my lectures at various places nationwide in the past several months.

Due to space limitations, some part of each section simply points out some problems, but the problems are presented based on the growing sense of crisis of "limited time" — because we have five years until the 21st century and the survival of Japan as a nation is at a stake if we do not make constant efforts to proceed with structural reform.

Under the small constituency electoral system, which allows people to choose government for the first time, I think it is possible for us to terminate a vicious cycle of parties and politicians presenting rosy and fancy policies which amplify people's distrust of politics. I think it is possible to ask people about the future course of our party in terms of diplomacy, defense, security, finance, and education, and I hereby propose the concept of reform.

(2) Creating a Freedom- and Reform-Oriented Small Government

Since the establishment of the party in December 1992, the New Frontier Party's slogan has been "Unceasing Reform." This is to break with the "Japanese-style system," a tired and distorted system, and to seek universal democracy at a global level. In other words, we seek to change Japan's nature of evading responsibility, imposing regulations, and protection that cannot be understood by the international society, although we take it for granted by simply saying "this is the Japanese style." As long as we maintain this nature, a message from Japan cannot reach the international society.

Some statements made by politicians regarding the history of Japan have often been criticized by China and Korea as a "revival of Japanese militarism," causing anti-Japan sentiments. It is clear that Japan, a country based on free trade, cannot survive without world peace and stability. The lack of transmission of a clear message: "The development of international peace, liberty, and democracy is in the national interest of Japan" is one reason Japan is still being observed with suspicious eyes, even 50 years after the war. Further, there are too many undemocratic systems and customs in Japan that prevent the message from being heard.

Real democracy is indivisible from self-responsibility. Ways to reform the Japanese system become clear when this principle is established. Various regulations should basically be abolished, and as an inevitable result, administrative reform and decentralization of power to a regional level should be pursued. Likewise, with regard to diplomacy and security issues, if Japan seeks to take a democratic course we should act positively to maintain and create international peace.

On one hand, there might be misgivings that this kind of democratic reform makes the strong people stronger, while neglecting weak people by cutting down welfare, thus making a cold society. However, "large government" does not necessarily mean a welfare state. With "large government," those who enjoy benefit are bureaucratic organizations and the part of industries that have vested rights. Those who must compensate for a substantial amount of government expenditure are the people. "Small government" is a matter of system. Taking sincere social measures for weak people is an essential goal of politics. With an efficient administrative organization, it is possible to protect weak people through financial and political strengths generated by bold measures and political determination.

(3) Abolishing Regulations Rather Than Deregulation

Unlike in the United States, where regulations are made when facing individual specific problems, in Japan regulations are made in advance, under the supposition of every possible inconvenience on various occasions. This kind of carefully prepared regulations has been positively accepted. However, a vicious cycle of making regulations one after another through involvement by central government agencies occurs. This creates a so-called "regulation industry," allowing a special life zone for bureaucrats, resulting in a rights and interest-bound society, including some politicians. Although regulations are troublesome and they discourage entrepreneurial spirit, it is true that once you get accustomed to regulations, you feel comfortable living with them. How-

ever, you must prepare yourself, because you will be exposed to a fatal cold wind when you have to get out of this easy life.

Currently, 40 percent of the Japanese GDP sits within a framework of regulations, i.e. a regulation economy zone. If this zone is seen from two angles, such as "protection" or "burden," regulations have played roles of protection rather than a burden. However, in the 21st century, regulations will surely become burdens against economic development.

Now is the time for us to start thinking about if it is possible to "lift all regulations" in connection with various economic and social activities, in a strategic manner, while respecting security and public orders. Among other things, since information and communication, securities and finance, and housing industries have many new business chances with high economic stimulation effects, it is particularly important now to lift regulations in these fields in order to prevent outstanding human resources from leaving Japan. It is obvious that multimedia industries in the field of highly advanced information and communication technologies will radically change the world, our lifestyle, and the industrial structure of the 21st century. However, current Japanese information industries, which sit within a framework of a regulation economy zone will not be able to catch up with changes in the world if no corrections are made. Even if it becomes necessary to establish a regulation as an exceptional case, it should be made, in principle, according to temporary legislation. The system should be reformed "to make a law of specified duration and to review the law at the time of renewal."

(4) A Diet for Decentralization and the Tax System

In pursuit of democracy and reform based on "small government" and "establishment of self-responsibility," it is necessary to hold clear visions on "What should the government do?" and "What is the role of the local entity?" I think that the role of the central government is, in principle, limited to dealing with basic national problems, including diplomacy, securities, and crisis management, and to be engaged in large-scale projects that are linked with the interest of the nation, while local government agencies should be involved in matters closely related to citizens' lives.

To do so, it is imperative to proceed with the decentralization of power, but the concept of "transfer of money and power from the central to the local level," which is currently being debated, will not bring any solution. The present local financial administration is completely controlled by the Ministry of Home Affairs in terms of the system and human resources, and basically, each local assembly has no power in establishing the tax system.

Under these circumstances, the basic democratic rule in which assemblymen are supposed to administer local politics on behalf of citizens, i.e. taxpayers, and how they receive citizens' judgment at the time of election, does not function smoothly.

Local government is one of the reasons for the establishment of the current structure in which dietmen become desperate to bring interests to the local level.

It is important that we go back to the principle that local administration expenses should be covered by local citizens, and that originality in the local tax system should be respected. In order for local authorities to practice their own politics, it is necessary to create a system that allows a local government to assume responsibility for income and expenses.

As the first step, radical reform of the local allocation tax system should be pursued. Since the local allocation tax is something like a differential compensation-type subsidy, the amount of the allocation tax is reduced if the local government increases its tax income by launching new industries through inviting industries to establish themselves within the region. Even though a local government tries to reduce expenses by reform, the amount of the local allocation tax also decreases. Not only does this not bring any benefit to citizens in the form of tax reductions, it also results in a contradiction that makes local finances increasingly inefficient.

In order to correct this contradiction, by changing the nature of the differential compensation style of the allocation tax I would like to study a distribution system of a constant amount of money according to a newly contrived finance demand calculation norm, while taking population and area size into consideration, apart from income and expenses of public finances. During a transitional period, for the local governments that are suffering from substantial budget shortages, extra money will be added to the constant amount of distribution, with a time limit to relax radical changes and to encourage further efforts for administrative reform. Toward this end, it is necessary to study a wider range of local administrative systems.

Once the local tax system is established, measures to activate local areas and the methods of its existence will inevitably change, and they should be changed. Until now, local activation has primarily meant inviting factories or integrating national policies. This has the image of being subordinate to urban areas. If this situation continues, factories will eventually move abroad to take advantage of the cheaper land prices, labor costs, taxes, and less-stringent regulations, causing a hollowed-out economy in Japan.

(5) Establishing a "New Basic Law" To Allow the Harmonious Coexistence of Urban and Rural Areas

Having long experience in taking charge of agricultural administration, I realized that "agricultural administration requires us to run from one place to another throughout the year asking people to do some difficult choices" in connection with the restrictive rice prices, a change of crops, cutting back the acreage under cultivation, minimum access, and other issues. It would be much easier if I could simply say, "Increase the price; say no to cutting back on the acreage under cultivation; say no to liberalization." However, this slogan could only apply at a time when Japan was closed internationally. Since internationalization cannot be avoided today, the foregoing slogan might satisfy some politicians, but it would not bring any benefit to farmers. The agricultural administration must quit shifting responsibilities to others by making excuses such as, "Although we did our best, we were unable to overcome international pressure," or "We were unable to realize what was requested due to financial difficulties." It is therefore an urgent matter to change the current agricultural basic law, which was not prepared for today's internationalization and radical changes in the industrial structure.

We must create a "new basic law" that can comply with a wide range of issues, such as the diversification of eating habits, construction of a self-sufficient structure to cope with world population growth and climate changes, and environment preservation by creating future courses characterized by hope and a sense of pride, encouraging farmers' successors.

In mature countries, urban and rural interests cannot be different. Getting out of the traditional concept of urban versus rural areas, we must seek a concept of coexistence. Under the post- Uruguay Round structure, it became difficult to protect agriculture and farms by price management measures, which require compensation by consumers. In view of access to urban areas and the possibility of large-scale expansion, measures to develop middle-scale mountainous areas according to zones should be taken, and at the same time, a structural policy and an income policy that includes reduction of land reform expenses while establishing an evaluation system for environmental landscape maintenance and continual farming should be incorporated. However, stable finances will never be obtained if taxpayers do not understand the actual need. Therefore, it is necessary to make a policy-legitimizing process and its effects clearly visible for taxpayers. If complaints are often heard both from the urban area (consumers) and farms (producers), no understanding will be gained from taxpayers. It is nothing but an absence of politics.

Further, agricultural cooperative associations, which will assume significant responsibility in the new age of agricultural policy, must play more important roles by proceeding with self-reform and by becoming more competition conscious. It is necessary for each member of a cooperative to re-recognize the concept of cooperative community and to enhance a sense of mutual cooperation among farmers.

(6) Preventing "Failure in Finances" From Becoming "Failure in Welfare"

Under the middle-size constituency system, the cost of rosy promises made by politicians is shown partly in the awkwardness of the current tax system. Needless to say, the basic principles of a tax system are fairness in the tax amount, being neutral to various economic activities, and simplicity. In view of these principles, it is necessary to cancel all the exceptional cases of special tax measures and to inspect the necessity of taxes, one by one.

However, considering the extreme aging society in the 21st century, the welfare budget will certainly fail. Particularly, under the current tax system which relies on income-related taxes for 60 percent of tax income, the amount of taxes will continue to increase no matter how hard you work. In order to maintain economic and social vitality by preventing unfairness caused by tax evasion while widely sharing tax expenses and maintaining the employment rate by showing a bright future to the younger generation, an increase in the consumption tax rate is inevitable. According to rough calculations, a 1 percent consumption tax rise generates 2.5 trillion yen. Under this calculation method, all of the current income tax and corporate tax can be converted to a 13 percent consumption tax, plus the current 3 percent consumption tax, making 16 percent in total.

Of course, I do not mean here that we should increase the consumption tax. Tax is collected from taxpayers, and therefore taxpayers' understanding and cooperation, however reluctantly, must be obtained. Although there is concern about finances becoming stiff, now is the time for us to clearly present specific figures and effects in the form of a welfare-purpose tax, by getting taxpayers' understanding in view of the fact that a significant part of the tax will be used for welfare in the future.

Of course, the establishment of a welfare-purpose tax will not solve all the problems. Based on the self-responsibility principle, it is imperative to reform the welfare and medical systems. After the amendment of the Medical Law in 1992, specialization of functions was realized in a part of the medical industry. However, a "second medical law amendment" is necessary for

more drastic reform. The reform should be based on the establishment of trust between patients and doctors, while stopping reliance on medicine more than is needed. Appropriate primary care based on "trust and agreement" should be established. In the case of serious illness that cannot be handled by primary care, a system is needed to send patients to large hospitals run by national or local governments, to get treatment. Unnecessary medicine and redundant inspection and treatment do patients no good and much harm. We have to be aware that, even with a welfare-purpose tax, if medical costs continue to rise due to these negative factors, we will inevitably face a limitless tax burden. At any rate, if we do not start correcting today's extraordinary financial deficit, our children and grandchildren will suffer from a significant burden in the aged society.

(7) Breaking With "Contribution" and "Cooperation"

The recent rape incident by U.S. military men is impermissible. It was particularly unfortunate that such an important issue of security, which has never been seriously discussed, became highlighted suddenly in the form of a theory that holds the Japan-U.S. treaty as unnecessary, and of a theory of Japan-U.S. military reduction. The national government assumes responsibility in not having responded to the sufferings of the people of Okinawa during and after the war, but the government is also assuming significant responsibility for giving up the issues as essential problems of the security treaty. Not only in the SDPJ or other anti-security treaty groups during the Cold War era, but even within the LDP there was sentiment to advocate the cancellation of the security treaty and to undertake a self-defense policy. The self-defense theory always has a danger of linkage with a nuclear armament theory, whether accidentally or convincingly.

However, it is apparent that, particularly in Asia, in view of the historical background, a theory advocating Japan's nuclear armament can never be accepted. Therefore, we have supported limitless extension of the Treaty on the Nonproliferation of Nuclear Weapons. Japan is in a position to make commitments for the maintenance and development of international peace while maintaining the Japan-U.S. security treaty and having reasonable strength of defense in the pursuit of international peace. We must boldly explain this commitment to the international society.

It is important to make it clear that playing subjective and positive roles in the international society is in Japan's national interest, rather than being something like an observer by talking about international "contri-

butions" or economic "cooperation." Further, we must get out of several "theology debates" in which participation was permissible during the Cold War period. The most important issue concerns debate on becoming a permanent member of the UN Security Council. Japan's indecisive attitude is a big obstacle in pursuing reform of the United Nations, which has already been very slow.

The United Nations, which was created based on the lesson of the failure of the League of Nations and from World War II, has a wide variety of structural problems. However, the United Nations is the only international organization that is designed to maintain international peace. Japanese diplomacy is based on UN-oriented principles. Japan must positively improve the *raison d'être* of the United Nations by becoming a permanent member of the UN Security Council, particularly now when the effectiveness of the United Nations is being questioned. Toward this end, Japan should assume responsibility as a permanent member having veto power. The financial failure of the United Nations is becoming more and more serious while we are discussing whether or not to become a permanent member. The financial collapse of the United Nations will endanger the environment, the world population, refugees, and human rights-related fields, i.e. socioeconomic issues that should be dealt with positively by Japan. The structural reform of the United Nations is an urgent necessity in view of many overlapping and redundant works in relation to the UN agencies, such as the UNCTAD, etc. Japan is being asked internationally to play a positive role by participating in discussion on reform without trying to avoid this issue.

The "Theology debate" in connection with the security treaty and self-defense issues constitute more serious problems. Although the most important responsibility of the government is to protect the security of the country and the life of its people, fruitless discussion on the security treaty has continued in the absence of realistic viewpoints.

In the middle or long run, the stability of Asia, including Japan, requires a multinational security framework. In this regard, Japan should take the initiative in leading trust-development measures at the ASEAN regional forums, which has just started to function.

However, at this point, no security system can replace the existing Japan-U.S. security treaty in the immediate future. As a majority of countries in Asia recognize, the Japan-U.S. security treaty structure is a foundation of stability in east Asia, not only of Japan's security. However, like friend-to-friend relations, a country-to-country relationship will not last long if one side

is always gaining interest. It is necessary to make continued efforts to develop mutual understanding. Under the Japan-U.S. security treaty structure, it is necessary to recognize the *raison d'être* and mutual interests of both countries for further improvement. Toward this end, we must continue to discuss the fact that each independent state's right to collective self-defense is an obvious truth of international law, and this issue should not be treated as a taboo.

(8) Making a "Flexible Society" by Taking Advantage of a Wide Variety of Human Resources

A society that respects homogeneity and identity as merits is vulnerable to changes in the surrounding environment and is weak when attacked. Human society should essentially be diverse. We are entering an era in which absolute value systems are difficult to identify. In response to the needs of today's society, it is necessary to make our society flexible by assigning a wide variety of human resources in a system that can respond to rapid changes in the society by overcoming criticism.

Toward this end, it is imperative to reform the entire society, including the educational system, and to reform the consciousness of respective citizens. Several years ago a new course, "Life Learning," was established for lower-graded children in elementary schools. This is a combined course of "science" and "social studies." The purpose of the introduction of this new course was to find a new educational method that will allow children to learn about nature and the social environment firsthand, and to encourage them to think by themselves to find solutions. Since the thinking process to be developed by teachers and children constitutes an important part of this course, a uniform and standardized textbook is not necessary. However, due to a strong request by teachers and parents, a textbook was subsequently made. This shows the typical pattern of education in Japan.

Since the Meiji era, the Japanese educational system has consistently taken the form of a "single-track." From kindergarten to college people received almost an identical education, based on scholastic ability. A depressing word, "dropout," was made within the framework of the "single-track" educational system. One of my young friends is a genius in the field of software development, and he is highly evaluated in this regard. He has a different type of talent from my generation, and he is surprisingly creative and sensitive.

However, he hated going to school and was regarded as a "dropout" according to the current education system. A highly developed and diversified Japanese society lacks magnanimity and a mechanism to absorb and nurture the limitless talent of young people. To correct this situation, it is imperative to diversify the current

educational system, changing it from a "single-track" to a "double-track," or "multiple-track." For example, it is necessary to develop a credit system that regards a volunteer activity as a unit, to respect individual special talent, and to allow students to take courses freely from several different high schools by networking several high schools in a specific area into a group. Further, it is necessary to review the current school system to make it more flexible by combining junior and senior high schools and by incorporating a "skipping grade" system. Also, it is necessary to correct the college entrance examination system and to change universities themselves.

(9) What is the Goal of Political Reform?

I said, "Let's stop political struggle. We must open our hearts and concentrate our efforts for the country, not for gaining political power," at the time of the resignation of the cabinet en masse on June 25, 1994. It is obvious that politics is a struggle for power. "Politics" becomes "political struggle" when gaining power becomes its goal, against people's will. I wanted people who regard the prime minister, who assumes the highest responsibility and has the most influential power in the international arena, as a "political tool" to reconsider what politics are and what political reform has been, which took so many sacrifices and tremendous time, by throwing everything else aside.

Although one-and-a-half years have passed since then, regrettably, the same old "political struggle" is still proceeding, against my will. It seems that the entire nation is drifting without taking appropriate measures against various incidents that occurred one after another, as if laughing at Japan, which has been stricken with political struggles without any positive reform, such as the Great Hanshin Earthquake, the Aum incident, the Okinawa incident, financial unrest, and the long recession without a foreseeable exit.

Political reform should have been pursued to deal with the foregoing incidents. The original purpose of the reform was to create a party of members who share the same ideology and ideals and who are entrusted by the people with power to conduct politics under strong leadership and quick and correct judgment. Some people say "political reform has ended" or "political reform failed." However, I think that the House of Councillors election in July made people realize that "we can change politics."

This is clearly shown in reality: The New Frontier Party defeated the LDP in electoral districts and representative districts. The same thing would happen with the House of Representative's small constituency combined with a

proportional and representative electoral system, which has basically an identical framework as the House of Councillors.

Although the sovereignty of the people is stipulated in the Constitution of Japan, it was not fully practiced under the traditional system. Although people are given the right to choose members of the Diet, they have had no rights in choosing administrative power. In order to maintain administrative power, the LDP supported multiple candidates, as many as were needed to fill the necessary number from the same constituency. As a result, LDP members fought among themselves and the respective candidates needed from one-fifth to one-tenth of the votes to obtain a seat to represent a specific interest of individuals, groups, or a region, rather than to represent specific policies. On the other hand, the SDPJ, which used to be a leading opposition party, remained simply a criticizer by giving up its political responsibility to obtain administrative power, getting from one-fifth to two-fifths of the votes. This is a so-called quasi-democracy, which caused a strange phenomenon: "Elections are exciting, but politics are boring." Under such circumstances, policies have been proposed mostly by bureaucrats, which has made the Diet only an organization to approve the proposals, and the members of the Diet have concentrated their efforts on winning political struggles.

After the collapse of the Cold War structure in which a principle of one peaceful country had been pursued, and after the end of the high economic growth era, it is now necessary for us to drastically change the roles of politics. Japanese people now have to choose by their will, for the first time, on issues that were not previously discussed because they are not related to votes or money, and that were not considered by people to be their own problems — things like diplomacy, national defense, security, and finances. Now is the time for us to make a decision on how to distribute the limited resources, in terms of materialistic and human resources, for the welfare of the entire nation. Otherwise, our country will not be able to respond to the rapid changes in society and it will surely be on the decline. At the national election, both parties and candidates have presented dreamy policies. On the issues of introduction of the consumption tax and the liberalization of agricultural products, being afraid of losing votes, they tried to avoid discussing the issues straightforwardly, and they ended up telling lies. This amplified political distrust, with severe criticism from people.

When talking about policies, it is necessary to present people with necessary budgets, laws, and financial sources to achieve the goals; otherwise, policies turn

out to be just desires. Politics that talk only about desires result in a bureaucratic nation, rather than a nation based on the sovereignty of the people. A small constituency combined with a proportional and representative electoral system is basically designed to constitute two major parties. Two major parties will ask the people's preference and ask them to make choices on issues of policies, budget, law, and financial sources.

The electoral system is the only bond that connects the people with politics. I am confident that Japanese structural reform will never be achieved without changing the electoral system. I have often been asked, "What is the difference between the LDP and the New Frontier Party?" If there is no difference, it is impossible to have the people make political decisions, leaving no points for electoral reform. The victory of the New Frontier Party in the House of Councillors election was not only due to the active support of the people based on policy preferences; analytically speaking, the victory was driven by an expectation toward the New Frontier Party by people who were disappointed with the current administration led by the LDP, SDPJ, and Harbinger.

With the introduction of a small-constituency system, the people of Japan acquired significant rights of "choosing administration." We must create a political party that will meet the people's expectations. The contents of "continued reform and responsible politics" are being questioned. Since the establishment of the party one year ago, I have made continued efforts to make a party that shares common viewpoints with the people. Continued efforts in talking to people by believing in their wisdom is necessary in today's politics. It is an excuse to say "It is impossible for people to accept politics that are superior to the people's standard." I am confident that the wisdom of the people will respond to us if we courageously talk to them by giving up our self-centered interests.

NFP's Hata Group Misreads Ozawa's Intentions

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[Article by political commentator Toichi Suzuki: "The Hata Camp Was Surprised by the Party Presidential Candidacy Announcement of Ichiro Ozawa, Whom They Thought 'Wanted the Post of General Secretary' — the New Frontier Party May Be Headed For Division After the Party Presidential Election"]

[FBIS Translated Text] "Consumption Tax Rate To Be Raised to 10 Percent in the Next 10 Years" [subhead]

Ichiro Ozawa has jumped into the race for the presidency of the New Frontier Party [NFP], causing a big

shock in the political world. It was on the evening of 8 December that Ozawa announced he was running in the election. Speaking at the Diet building to the group of supporters who had collected the signatures of enough dietmen to qualify him as a candidate, he said: "I have reached a decision: I would like to accept your call."

Saying so, Ozawa presented them with a "drastic" policy proposal he had brought with him, and added: "But my condition to running is that this policy proposal will be accepted."

The proposed policies were those containing Ozawa's thinking, and were comprised of the following main points:

- 1) The plan to raise the consumption tax rate (from the current 3 percent to 5 percent) in 1997 will be changed, and the rate will be raised to 6 percent in five years and to 10 percent in 10 years.
- 2) A UN police force will be organized separate from the Self-Defense Forces, and this force will be devoted to performing missions of the United Nations' peacekeeping operations.
- 3) The current administrative divisions of Japan [prefectures plus Tokyo, Hokkaido, Osaka and Kyoto] will be abolished, and the cities, towns and villages of the country will be reorganized into 300 cities.
- 4) The ministries and agencies of the central government will be reorganized into 15 offices.

On 10 December, the Ozawa supporters' group arrived at a decision to "accept Ozawa's policy proposal." This led to Ozawa's formal announcement of his candidacy on 11 December.

Ozawa "did not do it because he wanted to do it." He liked his role as kuroko [string-puller], and did not want to be the party head. But he changed his mind, "driven into a corner, attacked by both the anti-Ozawa group and the pro-Ozawa group."

Tsutomu Hata, Ozawa, and Kozo Watanabe met twice — on the evening of 7 December and on 8 December — to make final adjustments to their views. In the meeting, which started at 2230 on 7 December and lasted almost three hours, Watanabe said:

"Ozawa still does not want to run, but the people around Hata have made it impossible for him not to run. The two should not quarrel, and cancel the plan to run."

These three men were all elected to the Diet for the first time in 1969, and they have worked together for a long time — initially under the Kakuei Tanaka faction, then the Keiseikai faction, and so on. The NFP's Keiwa Okuda, Hajime Ishii, Moriyoshi Sato, and Megumu Sato

were also alumni of the Diet in that sense, but they were not in the meeting. Hata did not accept Watanabe's call for scrapping his plan to run. Hata said: "I will run in the party presidential election by all means."

What Watanabe had in mind was to make "Hata the party president and Ozawa the general secretary."

But election day was nearing and it was impossible to decide on the party top posts by "dango" [election rigging], so he tried to make the election infeasible by dissuading both candidates from running.

Before attending the meeting, he said: "This party will split up if things continue this way. Can we not somehow make the party presidential election infeasible? Of course, if we cancel the election we will be criticized by the news media and the public. But that will be temporary. If the NFP splits it will be a catastrophe for the party."

But, after all, the party presidential election was meant to be a process of "departing from the closed-door politicking and making the NFP evolve into an open party." There was no way for Watanabe to get his way.

Ozawa kept quiet throughout the meeting, but he did say: "The question is not who should be elected president and who should be general secretary; it is whether the party can win in the next general election."

His remark seemed to question if the party could win in the general election without him.

Hata had been worked over by people like Morihiro Hosokawa and Ishii Hajime who kept on putting pressure on him, saying: "Because of health problems, Ozawa cannot run in the election anyway. If you do not act now, we will have to live with General Secretary Ozawa."

It became clear in those meetings that Hata was siding with the anti-Ozawa camp. Thus the curtain opened on the drama of "the two brothers' battle."

Hata Camp's "Miscalculation"

The Hata camp's most serious miscalculation was that it thought "Ozawa would not run for the party presidency." The basic strategy of Hosokawa, Okuda, Ishii, Yuichi Ichikawa, and Hajime Funada was based on the assumption that: "If the party president was elected by a public vote, Hata could beat Kaifu. Newly elected president Hata could then remove Ozawa from the post of general secretary."

But then there came the information that "Hosokawa wanted to become general secretary if Hata was elected party president," and this information, which reached

Ozawa through a newspaper reporter, enraged the Ozawa camp.

Hosokawa and his group had thought: "What Ozawa is really after is the job of general secretary. The collecting of signatures and the forming of a supporters' group must be part of a struggle to retain the post of general secretary."

Consequently, the Hata group's strategy was shaken at its root when it became clear that Ozawa was, in fact, running. Hata was seen making phone calls in a flurry. Takashi Sasagawa of the Hata camp admitted:

"We made a big mistake. We are dismayed by this unexpected development. I too supported Ozawa because Ozawa had said he would not run. Now that he is running, it has become a different story. But, still, I cannot retract my position. I am in a quandary."

Apparently, the Hata camp became paralyzed simply by Ozawa's announcement to run. Watanabe, chairman of the party Policy Council, who played neutral and acted as a mediator between the two, declared he was now supporting Ozawa. He said: "I will join neither of the two groups, but will write in Ichiro Ozawa's name when I vote."

But there is a possibility that Ozawa actually decided to run in the race on 26 October when he accepted the proposal to change the system of electing the party president to a public vote.

A veteran reporter covering the NFP said: "When Hiroshi Kumagai, chief secretary of the party Committee To Review Election Rules, asked him to accept the system of holding the party presidential election by a public vote, insisting that this was the general consensus of young dietmen, Ozawa made up his mind to run in a challenge to those who want to get rid of him." Evidence of such a possibility abounds. In mid-November, the people around Ozawa were already saying "Mr. Ozawa will run in the presidential election," and one of the people said, "We started to draft pamphlets for use in party presidential election campaigns about a month ago, but we did not begin printing the pamphlets in order to make it look 'as if he decided to run suddenly'."

Then why did he hide his intention while firming up his mind to do it? A person close to Ozawa said: "The first reason was to take necessary steps — with the supporters group asking him to run, which will be followed by his announcement to accept the request, and so forth. The second reason was because of the need to secure party members supporting him while the other group was off guard. Thus, the Ozawa camp in fact did succeed in securing many additional members

supporting him. The third reason was to solidify his position with Komei and Soka Gakkai."

Ozawa's motto as a politician is: "You must win if you are in a battle." He took over this motto from his master Kakuei Tanaka.

In his job as party general secretary, Ozawa has attended many parties for dietmen in prefectures, as well as inaugural conventions for party chapters. A man told me: "When Ozawa went to local areas on upper house election campaigns, he did not do any stumping to make speeches, but he always met with the top people of Soka Gakkai and the Yuai Conference (a political organization supporting the former Democratic Socialist Party [DSP] members) in these prefectures. Ozawa said they were very pleased to meet him."

It is quite possible that he has Gakkai and the former DSP supporters' group under his control. Kenji Yamaoka, a deputy general secretary who is close to Ozawa, said: "All the DSP and Komei people will come to us."

It may be an exaggeration to say all of them will, but we may be able to say that is the general direction they are going.

While we will need to watch the moves of Gakkai, there are two contrasting views. One, cited by a senior official of Gakkai, was: "Honorary Chairman Ikeda thinks Gakkai should let Ozawa run the party until the first general election by the single-seat district system is conducted. If Ozawa wins a majority in it, that will be fine. But he loses, Gakkai can forget about him."

The other view, as cited by a person close to former Prime Minister Noboru Takeshita, was: "We do not think Gakkai will become actively involved this time. It will go so far as to issue instructions to its members this time. It does not want to hear the criticism that the NFP is Gakkai's party, but it will provide money. I will say 500,000 votes can be bought for 500 million yen, and 1 million votes for 1 billion yen. It would be impossible to know if the same people voted many times."

"He Is Physically Unfit for the Job"

Now comes the issue of whether Ozawa is physically fit to do the job. An individual close to Ozawa said:

"When he goes on trips to visit local areas, there are two things we inform the people in advance. One is that he has to take a flight that leaves Haneda Airport after 1000 in the morning. He does not want a schedule that calls for leaving earlier than that. The other is that he has to take a two-hour rest after a meal. As such, the reservation of a hotel room is necessary."

From what he said, it can be said "that he is very careful about his health and that if he leads a well-regulated life, he may be able to deal with big workload."

On the other hand, there arises the question: "Does he have to take the post-meal two-hour rest even after he becomes party president?"

Ozawa's heart disease is well-known, but recently there have been reports that he has problems with his liver and kidneys as well. Sasagawa, concerned about Ozawa's health, said: "Once he becomes president, there can be no more hiding. Newspapers would write how long he slept at which hotel. I rather think the job of party presidency is too much for Ozawa. I remember Mr. Masayoshi Ito was in a similar position when he was asked to assume the presidency of the Liberal Democratic Party [LDP]."

Another major point of concern is whether the NFP will split up or not after Ozawa assumes the presidency. A staff official of the Hata camp said: "If Ozawa wins, he will do so with the help of a considerable number of irregular votes. This post of the head of a major opposition political party can turn into the post of prime minister if the party takes over government power. Is it all right for such a post to be decided by irregular votes?"

Currently, the NFP's party President Election Management Committee (chaired by Satuski Eda) is distributing a large number of postage-paid voting slips to all the chapter offices and the heads of the chapters — i.e. incumbent dietmen or candidates to run in the next general election. An official of the party secretariat said: "At first, we sent 15,000 slips to each of the dietmen, which should amount to about 3 million in all, plus 10,000 to each of the party organizations in 47 major cities and prefectures across the country. Since many of the dietmen want to have more, I think each of them will get about 40,000 eventually."

Then, he added in a whisper: "Secretaries of dietmen could take names from lists of NFP supporters, and then write the name Ichiro Ozawa on the slips and put them in ballot boxes. Of course, dietmen would pay the necessary expenses. There will be cases of people voting while they themselves are not aware."

One would think there should be a process of checking, and Election Management Committee Chairman Eda's answer to that question was: "We will conduct a sample survey. On the voting slips there are names of the chapters or dietmen who handled them. For instance, if we find there were three rigged votes in 10 votes, we will decide 30 percent of all the votes with the names of these chapters or dietmen on should be invalidated."

That indeed is a rough way of checking. Voting will be finished on 26 December, and vote counting on 27 December. Since results are due to be announced on 28 December, it is doubtful how much checking can be done. Shortly before the formal announcement of the election, a secretary of a NFP dietman admitted: "The right way of doing things is to prepare lists of voters, but it is impossible. Consequently, the irregularities will be wide-spread. If the party does not want criticism about the irregularities, it will have to have dietmen's secretaries run around the country and do nemawashi [spade work] on party supporters' groups and other organizations. So this means the secretaries will be very busy — casting ballots and doing the nemawashi operations. But money will pour into the party, and the party will come to have plenty of it."

It is likely that the Hata camp will start to strike at the Ozawa camp over "irregular voting" issues once the election is over. The people of the Hata camp are already saying: "If Ozawa gets elected as the party head, he will undertake a retaliatory personnel reshuffle on key party posts and will take discriminatory actions in supporting candidates in the general election."

The NFP is divided in two. The hatred between the two groups is growing more serious than the hatred toward the LDP.

"What worries us is not who gets elected in the party presidential election, but the possibility of the party splitting up after the election." This kind of talk is widespread within the NFP.

Further From Murayama News Conference

OW0501143396 Tokyo NHK General Television Network in Japanese 0631 GMT 5 January 96

[Question-and answer portion of news conference by Prime Minister Tomiichi Murayama with unidentified correspondents at the Prime Minister's Official Residence; live]

[FBIS Translated Text] [Dean of Press Corps] Representing other correspondents, I would like to first ask the prime minister a few questions. Questions from other correspondents will come after mine. First of all, you have just explained why you decided to resign. But why did you announce your resignation today?

[Murayama] Fortunately, we had fine weather on the first three days of the new year. Looking at a blue sky, I reviewed what I had done. As I said earlier, I think I almost have done what I have to do during the turning-point year marking the 50th anniversary of the war's end. Of course, some of what I have done would be unsatisfactory. But I did my best. Although the current

situation is severe, we can finally see signs as bright as the New Year's fine weather. We should make this year a bright one. To this end, I thought the cabinet should be reshuffled to tackle urgent issues under a new lineup. With this in mind, I decided to resign. An ordinary Diet session will start on 22 January. I picked today to announce my resignation because we need to do some preparations for the ordinary Diet session. Since the ordinary session's period is fixed and is now politically inactive, I decided to announce my resignation today. We need to hold an extraordinary Diet session before the ordinary Diet session. I thought it was desirable to elect a new prime minister and form a new cabinet before the ordinary session. That is why I picked today to announce my resignation.

[Dean of Press Corps] When did you decide that you should announce your resignation today?

[Murayama] As I just said, I thought of various things during the New Year holiday. I mulled over what I should do to solve urgent domestic and foreign issues and what role I should play for the sake of the general public. My conclusion was to resign as prime minister.

[Dean of Press Corps] Your resignation announcement came suddenly. In greeting the new year, Japan still has many unsolved problems. With the situation as such, you announce your resignation. I would like to ask you about who will succeed you as prime minister. The Murayama administration was formed as a coalition government of the Liberal Democratic Party [LDP], the Social Democratic Party of Japan [SDPJ], and the New Party Sakigake [Harbinger]. Do you think the framework of the current ruling coalition should be maintained? If so, will you hand over the premiership to LDP President Ryutaro Hashimoto? Do you think the creation of Prime Minister Hashimoto would have an impact on the unity of the SDPJ?

[Murayama] You should understand this. The three ruling parties together have taken the reins of government. The three coalition parties were responsible for the budget we compiled for the new year. We were able to achieve many things in the past 18 months because we formed a scrimmage, and exerted efforts to meet the people's expectations. Therefore, I requested that the coalition be maintained. Now, my answer to your question as to who will be my successor is that I can hand over premiership to no one. I do not have the right to pick up my successor. A new cabinet will be formed through negotiations between the three ruling parties, and a new prime minister will be elected by the Diet. This is not an issue of who will appoint whom a new premier. Therefore, I have not said a word concerning my successor.

[Dean of Press Corps] However, you have repeatedly said it is desirable that the head of the largest party in the ruling coalition assume the prime minister's post. What do you about this?

[Murayama] From the viewpoint of the regular procedures of constitutional government and in the case of a government run by a single party, the party that holds the majority of seats in the house should take the reins of government and the head of the party should become prime minister. However, this general concept is not applicable to a coalition government. There are many similar cases in Europe. So, the next prime minister will be decided through talks among the ruling parties.

[Correspondent] Today is the day for the SDPJ to accept candidates for the election of party chairmanship. Could you comment on this election?

[Murayama] I myself considered how my decision to resign would affect the election. I have been saying that the formation of a new party that can take the reins of government is necessary and have urged the SDPJ to make efforts to establish such a party. So, even after I resign as prime minister, I have to continue to tackle this task. I cannot neglect this duty. In party politics, political parties' policies are very important. To fulfill the duty of forming a new party and meet the expectations of those who support me, I have made preparations to apply for my candidacy by the deadline, which is 1600 [0700 GMT].

[Correspondent] There are moves within the SDPJ to form a new party. Naturally, your resignation as prime minister will greatly affect the moves. What do you think of the SDPJ's attempt to form a new party?

[Murayama] As I mentioned earlier, the SDPJ plans to hold a party convention on 19 January. At the meeting, we will decide that the SDPJ should transform itself into a party that can act as part of a new political force. We will decide to revise the party ideals, platforms, and regulations. We have asked the public to suggest a new name for the SDPJ. So, we may also decide to change the party name at the convention. We intend to take the course of transforming the SDPJ into a party that can ride through the new era and live up to public expectations. The transformed SDPJ will make an effort to act as part of a new political force. I intend to work hard to attain this goal.

[Correspondent] What is the relationship between the SDPJ and a new political force?

[Murayama] The SDPJ plans to form a new party by gathering various political forces. For the time being, we will ask Sakigake members and those who have the same ambitions as we do to make joint efforts to

accomplish common tasks, if there are any. I hope they will join in forming a new party in the future.

[Dean of Press Corps] Other correspondents, please go ahead with your questions.

[Correspondent] You said that you decided to resign on New Year's Day. After you decided this, did you inform Sakigake head Takemura and LDP President Hashimoto of your decision? You also said that the framework of the ruling coalition should be maintained and that you intend to run in the election for the chairmanship of the SDPJ. If you are reelected SDPJ chairman, will you take up a post in a new cabinet? It appears possible that you will take up a post since you consider it important to maintain the current framework of the ruling coalition and for the heads of the three ruling parties to take up posts in the cabinet. What do you have to say about this?

[Murayama] For now, I would say that this will not happen. I thought it was very desirable for the future of this nation that I resign and hand over the reins of government to a new prime minister. However, even after I resign as prime minister, I still have the duties of the SDPJ chairman. I cannot neglect these duties; I have to fulfill them. Thus, I have made preparations for running in the election of SDPJ chairmanship. However, I have not thought at all about taking a post in a new cabinet. As an SDPJ leader, I will support the coalition government with all my might.

[Correspondent] If the ruling parties maintain the current framework, will they work out a new policy accord?

[Murayama] No, they will not. They have agreed on some policies. However, if they want to add more to the policy accord, they should fully discuss the matter and work out a new policy accord suitable for the new cabinet. On the condition that a new policy accord be drawn up, they may select a new prime minister and form a new cabinet.

[Correspondent] If the current framework of the ruling coalition is maintained after your resignation, a new prime minister will naturally be elected from among the leaders of the three ruling parties. This may cause criticism that the ruling parties are monopolizing political power within themselves. Anyway, you noted the importance of forming a new cabinet. So, my question is why you did not choose to dissolve the House of Representatives for a general election as a way of forming a new cabinet, instead of by resigning.

[Murayama] It is undesirable to dissolve the house and create a political vacuum when there are many urgent tasks. I mentioned this many times. Such urgent tasks include disposing of bad loans held by financial

institutions. Also, in the current situation in which the economy has shown signs of recovery, it is very important for the government to continually implement pump-priming measures. Moreover, the government will have to fully discuss the future of the Japan-U.S. relationship with the United States when President Bill Clinton visits Tokyo in April. Thus, I think it is undesirable to do something now that creates a political vacuum. You should not say the ruling parties are monopolizing political power within themselves. We think it is more important than anything else to establish a new cabinet that can solve pending issues.

[Correspondent] I do not understand what you say. You said you had to fulfill the duties of SDPJ chairman on one hand, and on the other you decided to resign as prime minister, although there are many tasks you have to tackle as prime minister. Is it not irresponsible for you to resign while leaving many tasks undone?

[Murayama] No, you cannot say that. The duties of SDPJ chairman and those of prime minister are totally different. As I said earlier, I was aware of what I was expected to do as prime minister and did my utmost to fulfill prime minister's duties. Considering the future of Japan, I thought it was better for this nation to have a new cabinet and settle urgent issues under a new cabinet.

[Correspondent] How do you assess what the Murayama government has done since its inauguration 18 months ago?

[Murayama] Last year marked the 50th anniversary of the war's end. It was also a year of many incidents. There were many unresolved problems that only the Murayama government could settle. Thinking that it was our duty to resolve them, we tackled problems, such as those concerning victims of atomic bombing, comfort women, and the Minamata disease.

[Correspondent] You said earlier that some of what you have done was unsatisfactory. What exactly was unsatisfactory?

[Murayama] Well, you cannot say that you are totally satisfied with what you have done. What I meant was that although I may have failed to come up to some public expectations, I did my best.

[Correspondent] So far, the prime minister has been elected from the SDPJ. This fact must have served to convince some SDPJ members. In the event that the prime minister is not elected from the SDPJ, are you not concerned with the possibility that the SDPJ will revert to its old policies?

[Murayama] Taking an objective view of the SDPJ's position and role, I think it will not happen. I think that

the SDPJ will be united and turn the 19 January party congress into a success, and I am sure that will certainly happen.

[Correspondent] It is said that your resignation will have a good effect on Japan. What adverse effects, do you think, will there be if you continue to stay in your post?

[Murayama] What adverse effects would there be, if I were to remain in the post? Well, what should I say? In my opinion, it is important to have a positive view about any matter, a viewpoint of making progress. In this connection, I feel it is desirable to have a stopping point. That is what I thought, and I feel that this is a good time to stop my work. I am stating my intention in the hope that, by making good use of the timing and by leading the thinking of our people in an entirely new course, a new administration will be formed to make further progress.

[Correspondent] Mr. Prime Minister, I would like to ask questions that have already been asked. Concerning the jusen issue, you said you had to make a bad decision. In regard to the Okinawa issue, the administrative litigation has just started. You also said at that time that it was a bad decision to make. May I ask what has happened to these bad decisions now?

[Murayama] No, no. Since decisions have been made on the orientation, what remains to be done is to carry out what has been decided. What was very important is to have the rails laid.

[Correspondent] Mr. Prime Minister, you said that you would take responsibility for settling various issues. Since you said you want to settle all of this, the question still remains as to why you do not want to carry on.

[Murayama] Well, if you take only one point into consideration, you may well say so. However, when all the affairs of state are taken into account, you should understand that many things are involved. I cannot make decisions through taking only one factor into account. However, I feel that it is an important responsibility to decide on the policy for settling the problems. In regard to the jusen as well as the Okinawan issue, I have made such decisions. What remains to be done with the Okinawa issue is to settle it by following the legal procedures. I think it would be desirable for all these matters to be settled in a steady and positive way.

As for the jusen issue, a basic policy has been decided on how to settle it. Since this issue involves many sectors, such as the founding banks, other banks in general, agricultural financial institutions, jusen themselves, and also borrowers, it is necessary to settle the issue by following this basic policy while probing where the problems lie and clarifying who is responsible. In my opin-

ion, it will be necessary to settle the issue in this way so that the Japanese economy can develop, the trust of foreign countries and our people can be strengthened, and depositors' interests can be protected, since the financial system is like the arteries of the economy and industry. I feel that it is important to see to it that blood is circulating. Therefore, handling this issue as an emergency task, I have decided on the basic policy.

If possible, as I have stated repeatedly, if all the details as well as the responsibility could be clarified first, we would be able to convince our people. Then, they would understand that it is true that there is no other choice but to settle the issue in this way. However, it would have taken a lot of time, and the more time we spend on the issue, the more serious the damage would have become. Our people would have been asked to shoulder a heavier burden. We thought that the situation might have developed in that manner.

In this connection, as I understand, we decided to handle it as an urgent task, decide on the basic policy to settle it, and based on this policy, all the details will be disclosed and the responsibilities will be clarified soon. In that case, our people will be convinced, saying that this is what has happened. Of course, our people may still be dissatisfied, but I hope that we can win our people's understanding.

[Dean of the Corps] This will be the last question.

[Correspondent] You said that you want to have a new structure formed before the ordinary Diet session and that you would like to leave off your work after the 50th anniversary of the last war. If so, would it not have been desirable to have made your decision toward the end of the last year? Why is it that you made decision during New Year? Have there been any changes in your mind?

[Murayama] Well, I did think about the timing. However, we were in the process of compiling the draft budget for the new fiscal year. Therefore, I thought it was undesirable to make such a decision while we were in the process of doing on-going work. Now that the draft budget has been compiled and the ordinary Diet session has come to an end, there is still some time left for us to prepare for the next Diet session. That is the why I thought about picking the right time. Paying attention to the timing in my own way, I decided to make the announcement today. Thank you very much.

Parties on Murayama Resignation, Other Issues **OW0701082196**

[FBIS Editorial Report] Tokyo NHK General Television Network in Japanese at 0000 GMT on 7 January

begins broadcasting a live 60-minute "Sunday Discussion" program on Prime Minister Tomiichi Murayama's resignation, and expected changes in the Japanese political scene. Appearing in the panel discussion moderated by NHK commentator Takashi Yamamoto are Koichi Kato, secretary general of the Liberal Democratic Party [LDP]; Wataru Kubo, secretary general of the Social Democratic Party of Japan [SDPJ]; Yukio Hatoyama, secretary general of Sakigake; Takashi Yonezawa, secretary general of the New Frontier Party [NFP]; and Kazuo Shii, head of the Japan Communist Party [JCP] Secretariat.

At 0002 GMT, Yamamoto first asks participants about their views on Murayama's announcement of his resignation on 5 January. Kubo explains that the timing of Murayama's resignation was appropriate, while Kato lauds the Murayama administration for its achievements, including the handling of economic problems following the collapse of the bubble economy, the great Hanshin earthquake, and Aum Shinrikyo-related incidents. Yonezawa and Shii criticize the Murayama administration for prolonging the resignation decision and mishandling various issues, and stresses that the Diet should be dissolved and a general election held soon.

At 0016 GMT, Yamamoto asks participants about the ruling coalition parties' moves to form a new administration likely to be headed by Ryutaro Hashimoto, deputy prime minister and concurrently minister of international trade and industry. Both Yonezawa and Shii call for an early Diet dissolution and subsequent general election, pointing out the ruling coalition parties are trying to remain in power without gaining public approval. Kubo stresses the need to have the FY96 draft budget passed as soon as possible, saying: "It is a task not only for the ruling coalition parties but for all parties, including the opposition, to concentrate utmost efforts on having the fiscal budget compiled by the ruling coalition parties promptly enacted, in order to raise the Japanese economy out of its current state." Kato supports Kubo's remarks, pointing out that the previous coalition government stalled economic recovery by delaying enactment of the FY94 draft budget until June of that year, and says: "After we took over, stock prices finally started rising after some twists and turns. As for the jusen [housing loan companies] issue, we have not put that off. Rather, there is a lot of talk about this matter just because we did make a decision on it. However, the U.S. Treasury Department has welcomed it, saying that a certain level of confidence has been restored within the Japanese financial system."

Hatoyama reveals that Murayama's last remarks when he called together ruling coalition leaders to notify them of his intention to resign was that the prime minister

said democracy would be endangered if a political party controlled by a religious organization were allowed to gain power, and he would resign on condition that the current coalition framework be maintained. Yonezawa counters that it will be the people, not Murayama, who will determine that. Asked whether there was a behind-the-scenes agreement among the ruling coalition parties on the timing of the next general election, Kubo says: "It has not been decided yet who will become the next prime minister, and only he will have the authority to dissolve the Diet." Kato says he expects a general election next fall at the earliest.

At 0032 GMT, discussion shifts to the ruling coalition parties' policy accords on forming a new administration. Hatoyama says one of his party's important policies is to set up a new surveillance body in connection with the jusen issue. Kubo says his party places importance on the settlement of the jusen and Okinawa military base issues. Kato stresses that the three coalition parties will eventually reach accord even if there is heated debate on various issues because of the mutual trust among the parties.

Regarding the upcoming election for prime minister, Kubo says his party will do its utmost to keep itself unified so that party members will vote for a candidate in accordance with the party's decision. Hatoyama says his party will vote for whomever the party sees fit after the three parties reached accord on policy. Kato says he is confident that Hashimoto will be elected. Yonezawa says the NFP will field Ozawa in the premiership election, and rules out the possibility of any dissident moves by former NFP Vice President Tsutomu Hata and his supporters. Shii criticizes Hashimoto, pointing out the latter's alleged collusive ties with business circles. Regarding Hashimoto's responsibility for the jusen issue — as he was formerly a finance minister — Kato stresses the need to investigate the facts. He asserts the ruling coalition parties need to probe into and clarify the respective blame of the political, administrative, and financial circles, and debtors in regard to the jusen issue.

At 0045 GMT, discussion shifts to the topic of changes in the current political situation, including further political realignment, and speculation on the possibility of changes in the current coalition framework.

The program ends at 0100 GMT.

North Korea

'Vicious' U.S. Military Moves Denounced

SK0601090296 *Pyongyang KCNA in English*
0833 GMT 6 Jan 96

["Vicious Moves To Stifle DPRK" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 6 (KCNA) — NODONG SINMUN today comes out with a signed article exposing the vicious moves of the imperialists last year to stifle the Democratic People's Republic of Korea.

The article says that the imperialists launched an unprecedented offensive to stifle the DPRK militarily while putting vicious political and diplomatic pressure on the DPRK and resorting to economic blockade against it.

The article further says:

The United States staged the aggressive war exercises against the DPRK more viciously than ever before. The Freedom Banner 95, the Ulchi Focus Lens 95 and the Foal Eagle 95 joint military manoeuvres staged by the United States with the South Korean puppets are literally aggressive military games to make an overall attack on the DPRK from the sea, the sky and the ground.

The U.S. troops and the Japanese Self-Defense Forces frantically staged joint military exercises under the pretext of preparing for "emergency on the Korean Peninsula."

The imperialists massively reinforced their aggression forces while staging frantic war games against the DPRK.

Last year, the United States transferred latest combat equipment to the South Korean puppets to arm the South Korean puppet army.

It also additionally stockpiled a lot of war supplies at the U.S. military bases in and around Japan.

In the DPRK-U.S. agreed framework, the U.S. promised not to pose a military threat, especially the nuclear threat, to the DPRK. However, it did not keep to its promise in actual deeds.

Last year, it directed special efforts to tightening the triangular military alliance of the United States, Japan and South Korea to attain its aggressive purpose.

Even under such conditions, war did not break out and peace has been maintained on the Korean Peninsula. This is the result of the peace-loving stand and persevering efforts of the DPRK.

The DPRK will certainly keep a tab on the anti-DPRK hostile moves of the United States last year.

It values peace but does not beg for it. It is the invariable will of the Korean people to frustrate any anti-DPRK moves and defend socialism.

New 'Peace Mechanism' With U.S. Supported

SK1001083096 *Pyongyang KCNA in English*
0750 GMT 10 Jan 96

["NODONG SINMUN Calls for New Peace Mechanism Between DPRK and U.S." — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 10 (KCNA) — Setting up a new peace mechanism between the Democratic People's Republic of Korea and the United States is one of the prerequisites for peace and security in the Korean Peninsula and its reunification, says NODONG SINMUN in a signed article today.

The paper says the issue can be resolved only by the DPRK and the U.S., which are real signatories to the armistice agreement and are also power holders in guaranteeing peace in the peninsula.

The paper quotes the Great Leader Comrade Kim Il-song as saying:

"Only when a peace agreement is signed will it be possible to remove the danger of a new war in Korea and create conditions favourable for peaceful reunification."

Since a nonaggression agreement was adopted between the North and the South of Korea and a framework agreement signed between the DPRK and the U.S. is now being implemented, it has become a matured demand to replace the armistice system with a peace-keeping system, the paper says, and continues:

If a new peace mechanism is established between the DPRK and the U.S., it will apparently help relax the situation of the Korean Peninsula, smoothly implement the North-South agreement and provide favorable conditions for the peace and peaceful reunification of the country.

The U.S. must renounce the anachronistic policy entirely inclined to the South of Korea and hostile to the North and affirmatively accept the DPRK's proposal for a new peace mechanism, in keeping with the spirit of the DPRK-U.S. framework agreement.

The South Korean puppets, who are not a signatory to the armistice agreement and who have neither operational control of the army nor power, have no quality and reason to interfere in the establishment of a new peace mechanism by the DPRK and the U.S.

They must stop such wicked acts as obstructing the setting up of the peace-keeping system.

Revision of U.S.-Japan Defense Guideline Decried

*SK1101091396 Pyongyang Korean Central
Broadcasting Network in Korean 1223 GMT 8 Jan 96*

[Commentary by Kim Ho-sam: "Dangerous Military Moves Against the Korean Peninsula"]

[FBIS Translated Text] Military collusion between Japan and the United States aimed at the Korean Peninsula is becoming more grave. According to foreign news reports, the governments of Japan and the United States will reexamine the existing official guidelines for defense cooperation. Japan will reportedly modify its existing position, which sought joint measures by the forces of the Japanese Self-Defense Force and the United States in the event that Japan is attacked by other countries, and elaborated on the guidelines.

In other words, Japan intends to stipulate that it will provide support for the Self-Defense Forces and the U.S. Forces in case of conflict on the Korean Peninsula or the neighboring regions, and that measures will be taken jointly by Japan and the United States from the starting point of any scale of attack. This is a conspiracy between Japan and the United States to invade Northeast Asia, and yet another dangerous military move.

As everyone knows, Japan lost its pretext of the risk of armed attack by other countries when the confrontation between the former Soviet Union and the United States was over, and the Cold War came to an end. Japan and the United States are now trying to maintain and strengthen its bilateral military alliance, and to expand its scope beyond Japan. This is the objective of the reexamination of the Japan-U.S. guideline for defense cooperation.

Looking back on history, when Japan and the United States drew up the guideline for bilateral defense cooperation 18 years ago in 1978, the guideline only stipulated in general terms that the Self-Defense Force and the U.S. Forces would only take joint measures in the event that Japan is attacked forcefully by other countries. They revised the guideline in November 1995 and wrote a new general guideline for defense, which merely stated that they would seek the smooth and effective operation under the Japan-U.S. security system in case of conflict in Japan's vicinity.

However, the newly revised Japan-U.S. guideline for defense cooperation will far exceed the existing scope and state that the Japanese Self-Defense Force will take joint measures with the United States from the start on any conflict. An easier interpretation is that while Japan

was to be the shield and the United States the spear in an instance of conflict in the earlier version, Japan now wants to directly play the role of spear with the United States.

This is the problem. It is indisputable that for the Japanese, the word conflict implies a second Korean war on the Korean peninsula. The Japanese reactionaries are creating international and domestic opinion that a war may erupt in Korea any moment, and trying to use this to justify its overseas expansion. Why is Japan doing so? As briefly mentioned earlier, following the end of the Cold War, Japan lost its pretext for the reinforcement of armed forces of aggression and for overseas expansion.

There is no country in Asia that threatens the security of Japan. Japan is craftily trying to use the situation of division in our country for its ambition of overseas expansion, as evidenced by the theory of the so-called North Korean threat raised by Japan.

The Japanese reactionaries have brought up the issue of some nuclear threat and even missile threat from us. Using such fabricated pretexts, the Japanese reactionaries shifted the Self-Defense Force, which had mainly been deployed to Hokkaido and other northern parts of Japan, to western Japan overlooking the Korean peninsula. Talking about a community bound together by common fate, they are strengthening the military collusion with the South Korean puppets. This is evidenced by the plan for a Japanese Self-Defense Force ship to pay a return call on South Korea, and the joint exercise plan of the Japanese Self-Defense Force and the puppet pilots.

Through the revision of the Japan-U.S. guideline for defense cooperation, the Japanese reactionaries intend to allow the U.S. imperialists to use the entire land of Japan as the supply base, operation and logistics base, and assault base, to play the role of the spear along with the United States in case of emergency on the Korean peninsula, and to further integrate the U.S.-Japan joint operation system against us. Here lies the risk and graveness of the guideline. We cannot but heighten our alertness against this.

Japan should not act recklessly. What Japan is doing will only lead to destruction. We have not forgotten the fact that in the past Korean war, the Japanese reactionaries gave out their land to be used as the U.S. supply base, and inflicted indescribable pains on our people in league with the U.S. imperialists. Should Japan repeat its shameless past, it would be like jumping into the fire that one has kindled. The Japanese reactionaries had better not ax their feet with their own hands.

Revision Called 'Dangerous Move'

*SK0601091296 Pyongyang KCNA in English
0844 GMT 6 Jan 96*

["Dangerous Move for Japan-U.S. Joint Military Operations 'in Case of Emergency' on Korean Peninsula" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 6 (KCNA) — Japan and the United States are now getting overheated in reexamining the existing "guideline for defence cooperation" between the two countries, according to a report. The two governments formulated, 18 years ago, the "Guideline for Japan-U.S. Defence Cooperation" under the pretext that "the 'Self-Defence Forces' and the U.S. Army will jointly move in case Japan is attacked by other country by force."

But, as the argument about "threat of armed attack on Japan from other country" has no longer been justified after the end of the cold war, Japan and the United States seek to maintain and strengthen their bilateral military alliance and expand its scope beyond the Japan proper, which prompts them to the reexamination of the guideline.

In this regard, the Japanese NIHON KEIZAI SHIMBUN January 4 said that the two governments intend to reexamine the present guideline and specify in the guideline that the "Self-Defence Forces" shall offer convenience to the U.S. Army in "case of dispute" on the Korean Peninsula and in the area around Japan and that Japan and the United States shall jointly counter any "invasion" from its beginning.

The move to reexamine the guideline brings its gravity and dangerousness into bolder relief, for it is aimed at legalizing bilateral joint military operations against the Korean peninsula.

5-6 Jan U.S.-ROK Military Maneuvers Denounced

*SK1001032096 Pyongyang KCNA in English
0257 GMT 10 Jan 96*

["Reckless War Provocation Manoeuvrings" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 10 (KCNA) — The U.S. imperialists and the South Korean puppets staged joint military manoeuvres against the North in the skies above Anmyon and Oeyon Islets and Wonju area on January 5 and 6 with the intensive mobilisation of scores of fighter bombers and carrier-based assault planes from overseas bases and more than 670 fighter bombers, assault planes and reconnaissance planes of the U.S. Seventh Air Force present in South Korea and the puppet air force, military sources said.

On the sixth of January, an RC-135 strategic reconnaissance plane from an overseas base and a U-2 high-altitude strategic reconnaissance plane deployed in South Korea committed electronic and photographing espionage on the whole areas of the North, and, on the fifth, a P-3 patrol plane was called out for espionage on the East Sea of Korea [Sea of Japan] and its bed.

In another development, on January 5, some 50 transport helicopters and helicopter gunships of the puppet army flew to the sky above the western sector of the front for "commandoes" airlift operation which was a mock infiltration [words indistinct] depth of the North, and an exercise of striking targets.

All this indicates that war provocation moves of the U.S. imperialist warmongers and the Kim Yong-sam fascist clique against the North are getting all the more reckless from the beginning of the year.

U.S. Nuclear-Powered Sub Arrives in ROK

*SK1101035796 Pyongyang KCNA in English
0351 GMT 11 Jan 96*

["U.S. Nuclear-Powered Submarine Arrives in South Korea" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 11 (KCNA) — A nuclear-powered submarine of the U.S. Seventh Fleet arrives in South Korea Wednesday [10 January].

A spokesman of the puppet Defence Ministry draveled that the current visit "will demonstrate close defence cooperation between the United States and South Korea" and it is "important to maintain close alliance with the United States to cope with threats from North Korea". This clearly illustrates why the U.S. imperialists' pirate ship has called at South Korea.

The entry of the submarine into a South Korean port is a dangerous move to breathe new life into the puppets plunged into the crisis of destruction and egg them on to provoke a war.

Submarine 'Sneaked Into' ROK

*SK1101040696 Pyongyang Korean Central
Broadcasting Network in Korean
0300 GMT 11 Jan 96*

[FBIS Translated Text] According to a foreign press report from Seoul, a U.S. nuclear submarine sneaked into South Korea on 10 January. This nuclear submarine, belonging to the U.S. imperialists' Seventh Fleet is reportedly equipped with anti-ship attack weapons and missiles capable of striking inland targets.

It is noteworthy that a U.S. nuclear submarine has crept into South Korea concurrent with the fanatic war commotion staged by the U.S. imperialists and the Kim Yong-sam ring, which is facing serious crisis and confusion as regards the secret funds scandal, and which is trying to escape from its crisis by talking about the fictitious threat of southward aggression.

A spokesman for the puppet Defense Ministry raved that the port call of the U.S. submarine will show the close defense cooperation between the United States and the ROK [hanguk], and that it is important to maintain a close alliance with the United States to counter the threat from the North. The remarks plainly reflect for what purpose the U.S. imperialists' pirate ship [haejokson] sneaked into South Korea.

The U.S. nuclear submarine's call at a South Korean port is to give a hand to the puppets, who are drowning in the crisis of destruction, and to instigate [puchuginun] the rascals to a war provocation. This is a dangerous provocative maneuver not to be overlooked.

ROK 'Military Provocations' Along DMZ Decried

*SK0601034396 Pyongyang KCNA in English
0333 GMT 6 Jan 96*

["S. Korean Puppets' Military Provocations" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 6 (KCNA) — The South Korean puppets on Wednesday [3 January] brought a 90 mm recoilless gun and a 12.7 mm machine gun into an MP [military police] post in the Demilitarized Zone [DMZ] of the central sector of the front, military sources said.

They openly installed these illegally-introduced heavy weapons in the daytime under the North side's nose and took a firing posture for a long time against the North side's civil policemen on a routine duty, posing a serious threat to their lives.

This is an intentional premeditated provocation of the traitor Kim Yong-sam to aggravate the situation in the DMZ from the outset of the new year.

The South Korean puppets must immediately withdraw all the illegally-introduced heavy weapons from the DMZ.

If they persist in confrontation and war, turning aside from our repeated warning, they will be destined to meet their final doom.

ROK 'Utterances' 'Premeditated Provocation'

*SK0701074596 Pyongyang KCNA in English
0651 GMT 7 Jan 96*

["Vicious Anti-DPRK Campaign" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 7 (KCNA) — The traitor Kim Yong-sam and the puppet defence minister of South Korea blared that the government is fully prepared for all situation, sharply watching the movement of the North and that the army should keep a perfect military readiness with heightened vigilance against the North.

MINJU CHOSON in a signed commentary today denounces their utterances as a premeditated provocation getting on our nerves.

This is a vicious challenge to the desire of all the fellow countrymen to open a new phase in this year's drive for peace and peaceful reunification of the country, the paper says, and goes on:

The Kim Yong-sam group have incited anti-DPRK confrontation and war fever against the North like a thief crying "stop thief" in a bid to cover up their bellicose nature and justify their new war provocation moves.

The war racket against the North by the Kim Yong-sam group bereft of reason will result in precipitating their ruin.

The Kim Yong-sam group should act with discretion, not running riot.

ROK 'Clique' Said 'Hell Bent on Confrontation'

*SK0701074896 Pyongyang KCNA in English
0648 GMT 7 Jan 96*

["Crafty Sophism of Traitor" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 7 (KCNA) — The traitor Kim Yong-sam, in a recent "new year's ceremony," advertised what he said he has done for the people and promised to bring "stability" and "prosperity" to South Korean society and "do his utmost for the peaceful unification of the country" in the future, too.

NODONG SINMUN today views his remarks as a deception, an insult to the people and a crafty sophism aimed at prettifying his crimes of the blackest dye.

In a commentary the paper says:

The Kim Yong-sam clique of traitors are crying for "dialogue" and "unification." In actuality, however, they are hell bent on confrontation and war provocation moves against the North, freezing all the channels of inter-Korean dialogue which had been underway even in

the period of the preceding military dictatorial regimes. This is a universally accepted fact.

It is also well known a fact [as received] that the puppets, under the pretext of "stability," have intensified fascist suppression of South Korean students and people calling for independence, democracy and reunification and, at the same time, have tried hard to stifle the North, serving outside forces as their shock brigade in the "nuclear clamour" and crying for "joint cooperation system" and "sanctions."

"Peaceful unification" on the lips of such fellows is an unbearable insult to the nation's desire to see the country reunified in a peaceful way.

With any trick can the Kim Yong-sam group never evade the punishment by the people and cover up their anti-national, anti-democratic and anti-reunification nature.

Kim Yong-sam's New Year Speech 'Slanders' North
SK1101093896 *Pyongyang KCNA in English*
0911 GMT 11 Jan 96

["Traitor Kim Yong-sam's 'Policy Speech' Under Fire" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 11 (KCNA) — The "policy speech on the new year" delivered by the traitor Kim Yong-sam on Tuesday is no more than the worst crime-woven address among the "policy speeches" made by successive South Korean rulers, stresses NODONG SINMUN in a commentary today.

The news analyst says:

Touching upon the "foremost task in national administration," Kim Yong-sam babbled about "detente" and "improvement of South-North relations," taking issue with the North before anything else.

He is the very one who has driven the situation on the Korean Peninsula to an acute phase and worsened the North-South relations to an extreme pitch. But he dared ask the North to endeavour for the "detente" and take the "stand of mutual benefits." Such incoherent remarks are understood only as a garrulity which cannot convince anybody.

The traitor Kim Yong-sam debased the economic system of the North and heaped abuses on its military power. This is a ruthless tongue-wagging which cannot be made by a human being, to say nothing of a fellow countryman.

The Korean people can never tolerate the wicked slanders heaped by Kim Yong-sam in a bid to obstruct

others from assisting the North, far from expressing sympathy with the fellow countrymen.

Kim Yong-sam described the imprisonment of former "presidents" as his "merits," saying he is "going to complete the work for putting history to rights."

This is a clumsy deceptive drama to divert elsewhere the attack of public opinion to him, the biggest accomplice in the "slush fund scandal."

"Putting history to rights" advertised by Kim Yong-sam cannot be construed otherwise but a political coup challenging the history, an insult to the history.

If Kim Yong-sam truly wants it, he should have made public the whole of the secrets of the "presidential election" fund taken from No Tae-u who was forsaken by history, and stepped down from the power with a resolute decision to stand before the court of history together with the traitor No Tae-u.

Annexation Remarks of Japan's Takami Eto Decried

SK0701063696 *Pyongyang KCNA in English*
0633 GMT 7 Jan 96

["Balderdash of Militarist Fanatic" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 7 (KCNA) — Takami Eto, former director general of the Management and Coordination Agency of Japan, reportedly made militarist utterances again at a meeting held in Miyazaki Prefecture on Thursday [4 January].

He spun out an absurd and insolent balderdash that "Japan-Korea Treaty of Annexation" had been concluded as an international treaty" and Japan's annexation of Korea was like the annexation of local administrative district."

As is known, he justified the Japanese imperialists' colonial domination over Korea in the past only to become an object of accusation and denunciation before he was ousted from the cabinet in November last year.

His balderdash to justify what he said at that time proves once again that he is a snob with no sense of disgrace and a militarist fanatic.

Kim Chong-il Thanks KPA, Security Officers

SK1101024096 *Pyongyang KCNA in English*
0236 GMT 11 Jan 96

["Comrade Kim Chong-il Thanks KPA and Public Security Officers and Working People" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 11 (KCNA) — The great leader Comrade Kim Chong-il

sent thanks to officials and employees of Kang Chong-nam Unit and commanding officers of Yi Nong-ki Unit of the Korean People's Army [KPA] for giving full play to the spirit of loving soldiers.

He also sent thanks to Gen. Pak Chang-son and officer Kim U-ki of the Ministry of the Public Security and Kim Choag-su, director of Mun Sin-chaek Hospital of the Korean People's Security Forces, and his wife for rendering sincere help to special-class disabled soldiers.

Details of New Year 'Mass Rallies' Reported

SK0801053696

[FBIS Editorial Report] Pyongyang Korean Central Broadcasting Network in Korean has carried various reports on "mass rallies to vigorously advance in the new year under the red flag after closely uniting in one mind around the great leader [yongdoja] Comrade Kim Chong-il."

Pyongyang Korean Central Broadcasting Network in Korean at 2200 GMT on 4 January carries a three-minute report on the mass rallies of South Pyongan and South Hwanghae Provinces, held in Pyongsong and Haeju, respectively, on 4 January.

The report states that So Yun-sok—a member of the Political Bureau of the Workers Party of Korea (WPK) Central Committee, chief secretary of the South Pyongan Province WPK Committee, and chairman of the South Pyongan Province People's Committee—delivered a report to the mass rally of South Pyongan Province, which was followed by speeches by Mun Myong-hak, chief technician of the 8 February Chik-tong Youth Coal Mine, and other officials.

In their speeches, the speakers stated: "The tasks for South Pyongan Province this year are heavy and massive. There is nothing we cannot do as long as there is the wise leadership of the great leader [widaehan yongdoja] Comrade Kim Chong-il, and as long as there is the boundless strength of our people single-heartedly united around the party."

The report adds that Kim Un-ki, chief secretary of the South Hwanghae Province WPK Committee and chairman of the South Hwanghae Province People's Committee, delivered a report to the mass rally of South Hwanghae Province, which was followed by speeches by Ho Pok-tok, chairman of the Rural Economic Committee of the province, and other officials.

The speakers noted the need to make decisive turns in the struggle to complete the chuche cause under the leadership of Kim Chong-il.

Pyongyang Korean Central Broadcasting Network in Korean at 2100 GMT on 5 January carries a two-minute report on the mass rallies of North Pyongan Province, Chagang Province, Nampo, and Kaesong on 4 and 5 January.

The report says that Kim Hak-pong, chief secretary of the North Pyongan Province WPK Committee and chairman of the North Pyongan Province People's Committee, delivered a report to the mass rally of North Pyongan Province, which was followed by speeches by Yi Tok-in, chief secretary of the Sinuiju WPK Committee and chairman of the Sinuiju People's Committee, and other officials.

The report adds that Comrade Yon Hyong-muk—candidate member of the Political Bureau of the WPK Central Committee, chief secretary of the Chagang Province WPK Committee, and chairman of the Chagang Province People's Committee—delivered a report to the mass rally of Chagang Province, which was followed by speeches by Ko Pom-in, vice chairman of the Rural Economy Committee of the province, and other officials.

The report also states that Pak Sung-il, chief secretary of the Nampo WPK Committee and chairman of the Nampo People's Committee, delivered a report to the mass rally of Nampo, which was followed by speeches by Pak Yong-chan, manager of the Chollima Steel Mill Complex and other officials.

The report concludes by saying that Yim Su-man, chief secretary of the Kaesong WPK Committee and chairman of the Kaesong People's Committee, delivered a report to the mass rally of Kaesong, which was followed by speeches by Kang Chong-ok, chairman of the Rural Economy Committee of the city, and other officials.

The report carries no content of the speeches.

Pyongyang Korean Central Broadcasting Network in Korean at 2100 GMT on 6 January carries a four-minute report on the mass rallies of South Hamgyong Province, North Hwanghae Province, and Yanggang Province held on 5 and 6 January.

The report says that Chang Sin-yong, secretary of the South Hamgyong Province WPK Committee, delivered a report at the mass rally of South Hamgyong Province, which was followed by the speeches by Yu Yang-su, chief secretary of the Tonghungsan District, Hamhung, WPK Committee and chairman of the Tonghungsan District People's Committee, and other officials.

The speakers stress the need for "party members, workers, and young people in the province to continuously and vigorously wage the struggle to implement the

party's revolutionary economic strategy and, thus, further improve people's lives and consolidate rock-solid the country's self-reliant economic basis."

The report also says that Choe Mun-son, chief secretary of the North Hwanghae Province WPK Committee and chairman of the North Hwanghae Province People's Committee, delivered a report at the mass rally of North Hwanghae Province, which was followed by the speeches by Paek Un-hak, chief secretary of the Sariwon WPK Committee and chairman of the Sariwon People's Committee, and other officials.

The speakers note the need to "resolutely fight to defend and further glorify our-own-style socialism and hasten the sacred cause of the fatherland's reunification."

The report also says that Yi Kil-song, chief secretary of the Yanggang Province WPK Committee and chairman of the Yanggang Province People's Committee, delivered a report at the mass rally of Yanggang Province, which was followed by the speeches by Yi Tae-won, chief secretary of the Hyesan WPK Committee and chairman of the Hyesan People's Committee, and other officials.

The report says: "The speakers noted the need to continuously and vigorously wage the struggle to implement our party's revolutionary economic strategy to make our country, our fatherland, richer in hearty response to the noble idea of the great leader [widaehan yongdoja] Comrade Kim Chong-il and, thus, further improve people's lives and consolidate rock-solid the country's self-reliant economic basis."

Pyongyang Korean Central Broadcasting Network in Korean at 2100 GMT on 7 January carries a two-minute report on the mass rallies of North Hamgyong Province and Kangwon Province and the rally of employees of the Railway Ministry on 6 and 7 January.

The report says that Yi Kun-mo, chief secretary of the North Hamgyong Province WPK Committee and chairman of the North Hamgyong Province People's Committee, delivered a report at the mass rally of North Hamgyong Province, which was followed by the speeches by Han Tae-yong, chief secretary of the Chongjin WPK Committee and chairman of the Chongjin People's Committee, and other officials.

The report also says that Yi Hyong-ku, chief secretary of the Kangwon Province WPK Committee and chairman of the Kangwon People's Committee, delivered a report at the mass rally of Kangwon Province, which was followed by the speeches by Sin Hung-kyu, chief secretary of the Wonsan WPK Committee and chairman of the Wonsan People's Committee, and other officials.

The report also says that Yi Yong-mu, chairman of the Transportation Commission and director of the Political Department of the commission, delivered a report at the rally of employees of the Railways Ministry, which was followed by the speeches by Yi Yong-sam, chief of staff of the Railways Ministry, and other officials.

The report cites no content of the speeches.

Speakers at Meetings Urge Defense of Socialism

SK0701081796 *Pyongyang KCNA in English*
0640 GMT 7 Jan 96

[FBIS Transcribed Text] Pyongyang, January 7 (KCNA) — Mass meetings have been held in provincial seats of Korea to advance vigorously in the new year under the red flag, united closely around the great leader Comrade Kim Chong-il in one mind.

People of North Pyongan, Chagang, South Hamgyong, North Hwanghae and Yanggang Provinces and Nampo and Kaesong municipalities held meetings in the days from January 4 to 6.

The participants in the meetings vowed to strengthen the three positions of Korean socialism — politico-ideological, economic, and military positions of socialism — to be an unconquerable fortress in an indomitable spirit of continuing to advance in any adversity under the slogan "Let us fully display the spirit of socialist Korea, holding the red flag aloft exche." [as received]

The reporters and speakers at the meetings called on all the people to fight staunchly to defend and further develop Korean socialism and promote the noble cause of national reunification, united closer around respected General Kim Chong-il, with the firm belief that the Great Leader Comrade Kim Il-song will always be with them and with the great pride of having been guided by great leaders through generations.

They said they will worship and defend respected General Kim Chong-il politically, ideologically and at the risk of their lives in the spirit which the Seventh Regiment of the Korean People's Revolutionary Army displayed on Mt. Paektu in devotedly defending the headquarters of the revolution and steadfastly continue the revolution under his leadership.

They also called on all the people to consolidate the ideological position of socialism to be an unconquerable fortress unaffected by any unhealthy ideological tendency and thoroughly implement the revolutionary economic strategy shaped by the Workers' Party of Korea, thus making their country, their homeland more prosperous.

Meetings of Workers Urge Unity Around Kim
SK0901102096 Pyongyang KCNA in English
0910 GMT 9 Jan 96

[FBIS Transcribed Text] Pyongyang, January 9 (KCNA) — Working People of Korea are now renewing their determination to advance vigorously in the new year under the red flag, united in one mind around the Great Leader Comrade Kim Chong-il.

Meetings were held in Yonan County, South Hwanghae Province, at the Kim Chaek Iron and Steel Complex, the June 4 General Rolling-Stock Works, the Pyongyang Textile Combine and in other parts of the country, following mass rallies in provincial seats.

Shown at meetings was the revolutionary zeal of working people for thoroughly carrying out the behests of the Great Leader Comrade Kim Il-song and the tasks laid down in the joint editorial published by the newspapers of the Workers' Party of Korea, the army and the youth and fully demonstrating the spirit of Socialist Korea.

The reporters and speakers expressed the determination to firmly defend respected Comrade Kim Chong-il, the destiny and future of theirs, with the spirit of the Seventh Regiment whose members safeguarded the headquarters of the revolution with their lives in the thick forests of Mt. Paektu, and live and struggle in the spirit displayed in the "arduous march".

They also resolved to set out on the production and construction in a bold and big way this year so as to bring about a great revolutionary turn in agricultural and all other fields and to love the people's army soldiers as their own children, their own flesh and blood and positively assist them in conformity with the party's intention to attach importance to the military affairs.

State Council Adopts Decision on Finance Law
SK1101021396 Pyongyang MINJU CHOSON
in Korean 22 Dec 95 p 1

[FBIS Translated Text] The State Administration Council recently adopted a decision on correctly implementing the DPRK Finance Law.

The great leader [yongdoja] Comrade Kim Chong-il has indicated: The finances of a socialist state are to spend what the people earn on the people.

Thanks to the wise leadership of the fatherly leader [oboi suryongnim] and the great leader Comrade Kim Chong-il, the finances of our country are constantly reinforced and developed based on socialist ownership of the means of production and the solid foundation of a self-reliant national economy. It excellently serves

as the finances of the people that fulfills the people's demands and interest.

Correctly implementing the Finance Law, which has been provided by the great leader Comrade Kim Chong-il, is an important task to further enhance the function and role of socialist finances according to the demands of the developing reality, to accelerate socialist economic construction, and to financially guarantee the people's independent and creative life.

The decision adopted by the State Administration Council specifically shows the tasks and ways for systematically providing, as well as uniformly appropriating and spending, the funds needed to accelerate socialist economic construction and to improve the people's standard of living, and shows the tasks and ways for fully displaying the superiority and invincible vitality of our own style of socialism which is centered around the people.

By adopting this decision, state administrative and economic agencies and other related organizations have been able to further strengthen the economic foundation of the country by improving financial management according to the demands of the Finance Law, properly meet the financial demands for carrying out socialist economic construction and improving the people's standard of living, and positively contribute to making our country even richer.

The decision first notes the need to thoroughly fulfill the basic requirement of the Finance Law that calls for enhancing the function and role of finances in accelerating socialist economic construction and for improving the people's standard of living according to the intrinsic demand of socialist finances.

In this connection, the decision elucidates the task the Ministry of Finance and other related agencies will face in systematically providing and uniformly and correctly appropriating the monetary funds needed for the nation's economy. The decision also elucidates other related tasks. This is an important action that helps the functionaries of agencies and enterprises further enhance the function and role of finances by adequately realizing the demand of the finance law and by properly fulfilling it.

The decision also indicates how state budgets should be established and how the agencies, enterprises, and organizations should improve their financial management.

The state budget is a basic financial program of the state that specifies the overall economy of the country. Thus, correctly establishing the state budget and accurately executing it are the primary mission of the finances of the socialist state. The decision elucidates the matters related to establishing and executing the state budget,

and other specific tasks the state administrative and economic agencies and other related agencies should carry out, in establishing and executing the state budget. In particular, the decision significantly emphasizes the task to wage a vigorous campaign to expand the ranks of model counties in implementing the local budget system.

To improve the financial management of agencies, enterprises, and organizations, the decision demands that the financial management system be correctly established for each sector of the people's economy and for each region; that an independent economic accounting system and semi-independent economic accounting system be correctly applied; and that established procedures and methods be strictly followed in conducting financial management by agencies, enterprises, and organizations.

The decision also notes the need to correctly conduct financial appraisal work in a timely manner and to intensify guidance and control over finance work so as to improve production and management activities at agencies, enterprises, and organizations. In this connection, the decision stresses that daily production and finance evaluation should be substantially conducted and closely linked to the campaign to win the title of model production and conservation unit; that this should be made a system and a rule of life; and that the examples set by model units should be actively introduced to other units. In addition, the decision elucidates the tasks to be carried out to correctly implement party and state finance policy.

The decision is a guiding principle that helps functionaries of state economic agencies and other related organizations to establish a correct view and outlook of the Finance Law, solving the problems they will face in implementing the Finance Law in accordance with the intrinsic demand of socialist finances and its people-oriented nature.

All administrative and economic agencies and other related organizations should meticulously organize administrative and economic organizational work in order to thoroughly implement the decision. By so doing, they should actively contribute to further enhancing the function and role of socialist finances according to the demands of the developing reality.

'Renegades Who Abuse the Leader' Criticized
SKD601093296 Pyongyang KCNA in English
0841 GMT 6 Jan 96

[*"Attitude Towards Revolutionary Seniors Is That Towards Revolution"* — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 6 (KCNA) — NODONG SINMUN today carries an article explaining the idea that an attitude towards the revolutionary seniors is an attitude towards the revolution, the idea which was elucidated by the great leader Comrade Kim Chong-il in his work *"Respecting Seniors in the Revolution Is a Noble Moral Obligation of Revolutionaries."*

The paper quotes Comrade Kim Chong-il as saying in the work:

"The attitude of the successors towards revolutionary predecessors means an attitude towards the revolution. It is an important matter relating to the destiny of the revolution."

As he said, an attitude towards the revolutionary seniors is an attitude towards the revolution because it concerns the attitude towards the leader of the revolution and the attitude towards the revolutionary tradition, the paper says, and continues:

An attitude towards the revolutionary predecessors is an attitude towards the leader. The leader is the top brain and leader of the revolution.

The revolutionary predecessors are previous generations in the revolution who devoted themselves to the implementation of the leader's ideas and the accomplishment of his cause, true to what he intended.

Those who revere the leader and are faithful to him respect the revolutionary seniors who devotedly struggled for the leader, but all of the renegades who abuse the leader unhesitatingly perpetrate such a despicable act as insulting the revolutionary seniors.

The revolutionary tradition is wealth gained by the previous generations in the arduous revolutionary struggle under the guidance of the leader.

Respecting the revolutionary seniors means valuing the revolutionary tradition established by them.

Those with a proper attitude towards the revolutionary seniors steadfastly defend and glorify the revolutionary tradition, regarding their revolutionary ideas, accomplishments and traits as precious wealth.

Without a proper stand and attitude towards the leader and revolutionary seniors, however, the renegades of revolution and socialism have negated and defamed

the noble revolutionary struggle and feats of the leader of the working class and the revolutionary seniors. In this way, they finally collapsed socialism and revived capitalism.

History and the situation fully prove that only with a proper attitude towards the leader and the revolutionary seniors, is it possible to defend the red flag of revolution through generations and successfully accomplish the cause of the independence of the popular masses, the cause of socialism.

Respected general Kim Chong-il set a noble example showing how the revolutionaries should respect the leader and the revolutionary seniors and how they should advance the revolution by carrying forward the ideas and feats of the revolutionary seniors.

We must hold higher the red flag of revolution handed over by the revolutionary seniors and accomplish the revolutionary cause of *chuche*, started by the respected leader Comrade Kim Il-song, through generations.

'Revolutionary Upsurge on All Fronts' Urged

SK0801101696 *Pyongyang KCNA in English*
1011 GMT 8 Jan 96

["Let Us Fully Display Spirit of Socialist Korea Holding Red Flag Aloft" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 8 (KCNA) — NODONG SINMUN today carries an editorial calling upon the entire party members and working people to step ahead with the general march to fully display the spirit of socialist Korea holding the red flag aloft.

The editorial says:

If all the people are to creditably fulfill the grandiose tasks this year, firmly rallied around the party, they should effect a revolutionary upsurge on all fronts of the socialist construction under the slogan "Let us fully demonstrate the spirit of socialist Korea holding the red flag high!"

The Great Leader Comrade Kim Chong-il said:

"Only when the red flag of the revolution raised by the revolutionary forerunners is carried forward stoutly down through generations can the cause of independence for the popular masses, the socialist cause, emerge victorious."

The spirit of socialist Korea, which progresses stoutly under the banner of the *chuche* idea, is a spirit of independence that makes it possible to make revolution in its own way with belief in its own strength and an ever-victorious one that helps break through any trials

by the dint of the firm singlehearted unity around the great leader.

Today the Korean people are making the general onward march to fully display the spirit of socialist Korea under the red flag. This is a proud work for holding the Great Leader Comrade Kim Il-song in high esteem for all ages and glorify our motherland eternally as his motherland.

This is the demand of the revolution and a noble duty of the Korean communists.

Defending the red flag of revolution means victory and abandoning it means death.

The Korean people won brilliant victories in the two rigorous revolutionary wars by staunchly fighting with the spirit of the red flag and have successfully built up the best socialism under difficult conditions flying the red flag high.

If the entire party members and working people are to push ahead with the general march for powerfully demonstrating the mettle of socialist Korea with the red flag held aloft, they should firmly arm themselves, above anything else, with the philosophy of the Workers' Party of Korea on the red flag.

The philosophy is an embodiment of the spirit of singlehearted unity with which the whole party, the entire army and all the people are advancing stoutly, rallied close around the leader and the spirit of self-reliance in which they overcome whatever difficulties with their own efforts without slightest vacillation and the indomitable spirit in which they continue to advance and fight with unyielding will.

The mettle of socialist Korea, that now progresses ahead with the red flag of the revolution held high, is the mettle of singlehearted unity of the whole party, the entire army and all the people around the leader.

The work to powerfully demonstrate the mettle of socialist Korea under the red flag is the work to increase the nation's economic might in every way.

Our red flag is the flag of creation and innovation as well as the flag of mass heroism. Without the display of mass heroism, there cannot be a powerful demonstration of the mettle of socialist Korea.

When all the party members and Working People of Korea wage a staunch struggle, united in one mind around Comrade Kim Chong-il, loudly singing the song "Let us hold high the red flag", the mettle of socialist Korea will be brought into fuller play in the world and the honour and dignity of the Korean people enhanced boundlessly.

'Restructuring' Led to Collapse of Soviet Union

SK0901101396 *Pyongyang KCNA in English*
0924 GMT 9 Jan 96

["Achievements of Leader and Revolutionary Seniors Cannot Be Obliterated" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 9 (KCNA) — The great leader Comrade Kim Chong-il in his famous work "Respecting Seniors in the Revolution Is a Noble Moral Obligation of Revolutionaries" made it clear that the precious achievements of the leaders of the working class and revolutionary seniors cannot be obliterated in history.

NODONG SINMUN in a signed article today says that the renegades from the revolution have driven socialism to degeneration and collapse by disgracing the leader and the revolutionary elders and obliterating their exploits.

Taking the former Soviet Union as an instance, the paper goes on:

The process of the degeneration and collapse of socialism in the former Soviet Union began with the emergence of modern revisionism which defamed the leader and revolutionary seniors and distorted and degenerated the revolutionary ideas of the working class. Therefore, socialism began to get off the track and crumble from within. It collapsed due to the policy of "reform" and "restructuring" pursued by the renegade socialists. They slandered the leader of the working class and debased the sacred revolutionary struggle and great revolutionary achievements of their revolutionary predecessors. They destroyed socialism and revived capitalism.

But the achievements made by the leader of the working class and the seniors in the revolution can never be obliterated in history. In the countries where capitalism has been revived, the people's yearning for socialism is growing deep. They are now making efforts to defend, carry forward and develop the revolutionary exploits of their leaders and revolutionary predecessors.

The people in these countries are defending the idea of their leaders. A scientific symposium was held in Russia to vow to defend the idea and leadership feats of Lenin, and the participants in the Conference of War Veterans and men of labour merits of the Commonwealth of Independent States which was held on the occasion of the 50th anniversary of the victory in the Great Patriotic War stressed that the name of Stalin must not be erased in the history of the war.

The people of the countries where capitalism has been revived are protecting statues of their leaders and building new statues. Statues of Lenin and half-length

statues of Stalin have been erected in different parts of Russia. And names of the working-class leaders are appearing again as seen in the "Stalin Prize", "Stalin Scholarship", "Lenin Scholarship" and so on, and the winners of the "Prize of the Lenin Young Communist League" hold singing sessions frequently. Meetings and other ceremonies are held in various areas of the former Soviet Union on the occasion of the birth anniversaries of Lenin and Stalin.

The honor and feats of the leaders of the working class and revolutionary seniors will shine forever being respected by the people, with the advance of the socialist movement.

Agriculture, Light Industry, Trade Stressed

SK0901102996 *Pyongyang KCNA in English*
0929 GMT 9 Jan 96

["MINJU CHOSON Calls for Consolidating Economic Position of Korean Style Socialism" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 9 (KCNA) — MINJU CHOSON today in an editorial stresses that the Korean people should continue the vigorous drive for implementing the revolutionary economic strategy of the party this year, too, so as to improve people's living standard and consolidate self-supporting economic foundations of the country as firm as a rock.

The editorial says:

The struggle to firmly consolidate the socialist economic position at present is just the struggle to carry out the revolutionary economic strategy of the party. Attaining the strategic target of economic construction set by the party is a firm guarantee for strengthening our socialist self-supporting economic foundations in every way, remarkably enhancing the people's living standard and making our country and our motherland prosperous.

The editorial calls for directing greater efforts to agriculture, light industry and foreign trade to firmly consolidate the socialist economic position.

An important guarantee for victory in the proud advance this year is that all the officials and working people live and fight in the spirit of the "arduous march" which was displayed in the period of the anti-Japanese revolutionary struggle, the editorial says, and emphasizes:

We are sure to win victory in the fruitful advance this year as long as we are under the wise leadership of the Great Comrade Kim Chong-il and we have the great idea and revolutionary spirit given by him, the might of the unity rallied close around him in one mind of loyalty and filial piety and the powerful and vital socialist self-supporting economic foundations.

South Korea

'Offensive' Trade Diplomacy Toward U.S. Urged

SK1001112796 Seoul TONG-A ILBO in Korean

9 Jan 96 p 3

[Editorial: "Offensive Trade Diplomacy Toward the United States"]

[FBIS Translated Text] The United States has openly brought trade pressure on the ROK. U.S. Trade Representative Mickey Kantor has recently announced that his office would set up a monitoring and enforcement unit to monitor whether major U.S. trading partners implement the trade agreements signed with the United States. In connection with the ROK imports of foodstuffs and automobiles, Kantor said: "We are examining, on a priority basis, the possibility of presenting the shelf-life agreement, which the ROK and the United States reached a few months ago, to the World Trade Organization [WTO]." He also said: "We will also watch how the ROK will keep its promise to completely open its car market."

It has long been predicted that U.S. trade pressure would be enormous. This is because, even though there is no pending trade issue between the ROK and the United States, the U.S. Congress tends to be protectionist and neo-isolationist in trade and because the U.S. presidential election is scheduled for November. In every election year, the U.S. foreign policy tends to be more protectionist, and it tends to beef up its trade pressure. Under these circumstances, 13 U.S. corporations and organizations, including the American Automakers Association, has sent a letter to the Office of the U.S. Trade Representative stating that the ROK's trade system and practice are unfair.

The plan by the Office of the U.S. Trade Representative to set up a monitoring unit is a tyranny by a powerful country, an act that violates the spirit of WTO. It is very just for the ROK Government to actively react against this move. In the ROK-U.S. trade diplomacy, we have always given in to U.S. threats and acceded to its logic. Last year, we made every concession we could by opening our financial and car markets, extending the shelf-life of foodstuffs, and revising the memorandum of understanding on cigarette.

In the bilateral trade diplomacy, a country that suffers a deficit tends to be offensive and imposing. This is a common sense and an international practice. However, this common sense and practice have been ignored. The ROK had a deficit of over 6.2 billion dollars in trade with the United States last year. This is because we have acceded to the United States' arbitrary and unfair demands without having our own logic on trade.

Our trade volume exceeded \$120 billion last year. We have no choice but to open our markets as much as possible because we have an export-led economy. And, we must eliminate the systems and unfair practices that fall short of international norms. However, we must not make concessions that we should not. With a clear-cut position and logic on trade, the ROK, the United States' fourth biggest trading partner, must efficiently react to the United States' offensive pressure to open our markets.

We must, first of all, present persuasive principles and policies. It is urgent to develop negotiating skills, study our trading partners, and nurture specialists. We must examine the possibility of reorganizing inefficient organizations and their functions and setting up a specialized unit in charge of trade which has the power of bargaining. And, the businesses themselves must make efforts to survive themselves. It is time we took the offensive in trade diplomacy, instead of always being pushed by the United States' trade pressures.

U.S. Senator Sam Nunn Arrives for Visit 10 Jan

SK1101132796 Seoul KBS-1 Radio Network

in Korean 0300 GMT 11 Jan 96

[FBIS Translated Text] U.S. Senator Sam Nunn, who arrived in the ROK on the afternoon of 10 January, paid a courtesy call on Kwon O-ki, deputy prime minister for unification, this morning and broadly discussed the provision of rice aid and light-water reactors [LWR] to North Korea and other issues. Senator Sam Nunn will also meet with Defense Minister Yi Yang-ho and Vice Foreign Minister Yi Ki-chu to discuss the Korean Peninsula situation and international political affairs. Reporter Hwang Sang-mu will now report the details:

[Begin Hwang Sang-mu recording] The meeting between Senator Nunn and Deputy Prime Minister Kwon attracted considerable public attention because they were believed to discuss pending issues such as additional rice aid to North Korea and the share of the cost of light-water reactors. However, it appears that they did not discuss the issues in depth.

A National Unification Board [NUB] official explained the characteristics of the meeting by saying that Senator Sam Nunn is a senator, not a representative of the U.S. Government. Senator Nunn expressed his deep concerns about North Korea's food problems and exchanged opinions with Deputy Prime Minister Kwon on ways to improve South-North relations and maintain a durable peace. At the meeting, Deputy Prime Minister Kwon said it is true that North Korea's food problems are serious but that as North Korea is believed to have a considerable amount of reserve food, its system is

not likely to face a crisis soon. He then added that our government does not want North Korea to face a crisis, either. The deputy prime minister also reconfirmed the government's position that it cannot provide additional rice aid to North Korea unless there are changes in the North Korean attitude.

Because today's meeting ended with nothing but a common expression of concerns, it appears that pending issues between the ROK, U.S., and Japan — such as additional rice aid to North Korea and the share of the cost of light-water reactors — will be discussed during a series of meetings of the three countries' ambassadors in charge of the reactor project. The series of meetings will be held in Seoul beginning 13 January.

Sam Nunn is the ranking Democrat on the U.S. Senate's Armed Services Committee and one of the most influential figures in the Congress on defense affairs. He will also meet Vice Foreign Minister Yi Ki-chu and Defense Minister Yi Yang-ho to discuss issues of bilateral concern. [end recording]

Meets With Vice Foreign Minister

SK1101090396 Seoul YONHAP in English
0827 GMT 11 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 11 (YONHAP) — Vice Foreign Minister Yi Ki-chu met Thursday with the U.S. Senate's Armed Services Committee ranking member Sam Nunn to exchange views on the political, military and economic situation in North Korea, including the reported food shortage, a Foreign Ministry spokesman said.

"Vice Foreign Minister Yi and Senator Sam Nunn discussed ways to cope with the volatile military and political situations in the North, because there are a variety of possibilities for the future course of the economically-strapped North," he said.

The two agreed that there are conflicting reports on the food situation in the North, he said, adding that Nunn failed to present his own view on the North's food situation.

Early in the day, Nunn met with Deputy Prime Minister and Unification Minister Kwon O-ki and Defense Minister Yi Yang-ho before joining a luncheon hosted by Vice Foreign Minister Yi.

In the afternoon, Nunn visited Chongwadae [presidential offices] to meet with Senior Presidential Secretary for Foreign Affairs and National Security Yu Chong-ha.

Nunn, however, failed to pay a courtesy call on President Kim Yong-sam as his visit was arranged on short notice, he said.

Nunn is on an Asian tour and visited Malaysia before flying to Seoul late Wednesday.

U.S., Seoul Reach 'Understanding' on SOFA

SK1101002596 Seoul THE KOREA TIMES in English
11 Jan 96 p 2

[FBIS Transcribed Text] Seoul and Washington have reached an understanding in revising the ROK-U.S. Status of Forces Agreement (SOFA) in a way that enables Korean authorities to take into custody suspected U.S. servicemen at the time of their indictment, government sources said yesterday.

In the past, the United States has been reluctant to reshape the SOFA itself, and instead sought to revise SOFA's supplementary documents regulating procedural matters.

The official made it clear that Seoul cannot obtain its due right on criminal jurisdiction if the SOFA itself is not revised. When U.S. Assistant Secretary of Defense Joseph Nye visited Seoul last year, he told reporters that Washington wanted to keep the SOFA intact while revising procedural documents to reflect Seoul's demands.

"If the SOFA between Seoul and Washington is revised to reflect those regulations contained in that between Tokyo and Washington, we can call it a success," the official said.

The two countries will resume talks in Seoul Jan. 15-16 to discuss its revision, which was agreed when U.S. Secretary of Defense William Perry visited Seoul last November.

According to the U.S.-Japan SOFA, U.S. servicemen are to be transferred to Japanese authorities when they are indicted. However, the ROK-U.S. SOFA stipulates that U.S. militarymen will be put into Korea's custody only after the completion of all judicial proceedings.

Therefore, it has been criticized as an "unequal agreement" whenever crimes involving U.S. servicemen took place.

The official said that Seoul and Washington will have to further narrow their differences in such issues as "double jeopardy" and the mandatory presence of U.S. officials during the interrogation.

According to Korean laws, prosecutors are allowed to appeal to a higher court even after a case is acquitted in a lower court, which is banned in the United States as a "double jeopardy."

The official expressed flexibility in dealing with the double jeopardy case, given that the SOFA regulates

crimes which are punishable by the laws of both countries.

However, Seoul authorities appear to seek to strengthen their rights during the process of investigation. So far, any statements made by suspected U.S. servicemen were not regarded as evidence unless they were made in the presence of U.S. officials.

Therefore, the regulation has been criticized by Korean authorities because of the possibility that American suspects would reverse their statements later after consultations with U.S. officials.

In the forthcoming talks, Yim Song-chun, director general of the Foreign Ministry's American Affairs Bureau, will head the Korean delegation, while the U.S. side was represented by U.S. Deputy Assistant Secretary of State Thomas Hubbard.

DPRK Delegates Arrive in U.S. for MIA Talks

SK1001000196 Seoul KBS-1 Radio Network
in Korean 2200 GMT 9 Jan 96

[Report by Ho Yong-myong from Honolulu]

[FBIS Translated Text] A North Korean delegation to talks on returning the remains of U.S. soldiers missing in action [MIA] during the Korean war, arrived in Honolulu on 9 January and began official contacts with the United States.

The seven-member North Korean delegation, including Kim Pyong-hong, head of the North Korean delegation and director of the Disarmament and Peace Institute, and Pak In-su, North Korean delegate to the Military Armistice Commission, will have working-level contacts for four days with a U.S. delegation led by (James Wald), deputy assistant secretary of the U.S. Defense Department, and discuss issues such as human remains identification technology.

Kim Pyong-hong, head of the North Korean delegation, said to reporters today that the delegations will discuss the returning of the remains, as well as topics of mutual interest, thus, strongly hinting that pending issues, including the opening of liaison offices, may also be discussed.

Reports of U.S. POW's in DPRK Analyzed

SK1101063996

[FBIS Editorial Report] The following is a compilation of two articles published in the ROK vernacular paper SEOUL SINMUN on 11 January regarding newly-disclosed reports of U.S. POW's in North Korea.

The paper carries on page 2 a 700-word article by reporter Ku Pon-yong. Citing remarks by a government

authority, the article reports that the ROK Government has obtained from a U.S. Government source information indicating that 11 unidentified U.S. POW's who survived the Korean War are still alive in North Korea. The article quotes the government authority as saying: "Most of the Americans are married to North Korean women; two are actors, and most of the others work as English teachers." The article adds: "Some have been forced to act as instructors to North Korean agencies responsible for approaching the United States and infiltrating South Korea." The article reports: "The United States has secretly sounded out the possibility of their repatriation through a U.S. Congressman and a U.S. religious figure who visited last year."

Quoting remarks by a government official, the article reports: "It appears that while they were in a concentration camp, the U.S. POW's were appeased, brainwashed, and alienated by the crafty North Korean authorities to volunteer to remain in North Korea for the sake of formality during the negotiations on repatriating POW's between North Korea and the United States. Accordingly, the United States will probably face difficulties in these negotiations." As regards the negotiations on repatriating the remains of U.S. soldiers, the article reports that North Korea "uses this as a negotiating card for hastening the establishment of diplomatic ties with the United States." The article then reports that people ascertain whether the repatriation of U.S. POW's will be discussed "as a secret issue" during the U.S.-North Korea negotiations in Hawaii on identifying the remains of U.S. soldiers.

The paper also carries on page 2 a 900-word article by the same reporter entitled "The Swell of Information on Living U.S. POW's in North Korea." The article says the information obtained on the U.S. POW's is "an indication of the stark reality that the Korean peninsula still remains a dead zone unaffected by the end of the Cold War." The article notes that the U.S. POW's in North Korea have yet to be returned despite the "well-known" efforts of the United States, which has held negotiations with North Korea since 1988 "behind the curtain" on the search for and repatriation of missing or dead U.S. soldiers. It then assumes "this is probably because the POW's are 'voluntarily' staying in North Korea for the sake of formality." The article continues: "However, a government authority feels that the living U.S. soldiers are virtually detained since they are remaining simply because they have thoroughly been brainwashed and appeased by the North Korean authorities." The article reports they "were branded as 'traitors' and alienated by the North Korean authorities," and thus "have blocked the way for their return home." While reporting that "their

existence may be a meaningful variable" in improving North Korea-U.S. relations, the article reminds that the unearthing of Japanese woman Yi Un-hye, who had been kidnapped by North Korea and acted as a Japanese language teacher for North Korean agents, "served as a major obstacle to the establishment of North Korea-Japan diplomatic ties." The article concludes: "If the information is true that North Korea has used some of these living Americans as instructors to agencies responsible for infiltrating the United States and the ROK, their repatriation is likely to become an issue that concerns both the ROK and the United States."

Secret U.S.-DPRK Agreement on Ties Rumored

SK0901140896 Seoul HANGUK ILBO in Korean
8 Jan 96 p 2

[Report by Ko Tae-song]

[FBIS Translated Text] Since early this year, North Korea and the United States have shown a full-fledged move to improve ties through multilateral contacts. Their movements have made rapid progress, while the North-South Korean relationship is still deadlocked. As a result, the present situation has generated concern over whether there is an abnormality [isang] in the mutual ROK-U.S. cooperative system related to policy toward North Korea. Attention is now focused on the purpose of White House National Security Adviser Anthony Lake's visit to the ROK and his activities during his stay.

The full-scale improvement of relations between North Korea and the United States covering the political and economic fields is in progress under the Geneva framework agreement. Issues related to the light-water reactor issue have been resolved for the moment in accordance with the framework agreement, and the next focus will naturally be on the improvement of relations. There have been quite a few differences in views between the ROK and the United States on the pace and scope of the progress being made. Still, both countries have so far taken joint steps. However, the recent contact between North Korea and the United States has shown signs of exceeding "the level" agreed upon between the ROK and the United States, signalling that something unusual has appeared in the mutual cooperation system.

In connection with negotiations on returning the remains of U.S. soldiers, which the United States has proposed as a precondition for improved relations, the United States has invited not only North Korean Foreign Ministry officials, but also for the first time even some military officials to visit Honolulu, Hawaii on 9 January. In mid-January the East-West Center in Hawaii, which receives financial support from the U.S. State Department, plans

to hold a symposium, inviting a considerably influential person from North Korea. Observers say that participating in this symposium will be Kim Chong-u, vice chairman of North Korea's External Economic Committee, who once led his country's negotiating team in talks with the United States over North Korea's nuclear program. Besides, the International Institute for Economics in Washington has already invited Yi Hyong-chol, director of the U.S. Affairs Bureau of North Korea's Foreign Ministry, to attend its seminar scheduled for early next month. If Yi Hyong-chol, who is a responsible working-level official for North Korean policy toward the United States, visits the United States, it appears likely that he will have in-depth discussions with a bureau director-level official in the U.S. State Department on the issue of improving relations, including opening liaison offices between Washington and Pyongyang, and food aid. The United States, now with all government and private channels open, is beckoning North Korea "to come quickly."

North Korea has been responding with its very first visit of military officers to the United States and with its decision to participate in the Atlanta Olympics. The officers include Col. Pak Im-su of the Panmunjom Mission. Late last year North Korea returned the crew members of the *Usong-ho* from captivity. That was more to send a message to the United States than to us here, according to a view held among government authorities concerned.

The problem is whether the government, which has stressed only an ambiguous principle of "harmony and parallel" alone toward the United States, can effectively cope with such moves by North Korea and the United States. It has been learned that there are differences in views, to a considerable degree, between the ROK and the United States on the question of providing additional food aid to North Korea.

It is taken for granted that at such a delicate time, attention is focused on the scheduled visit to the ROK by White House National Security Adviser Lake. There has already been a report saying that a secret agreement has been reached between North Korea and the United States on the timetable for improving their relations. As such, some observations that National Security Adviser Lake might bring Seoul a certain message received directly from President Bill Clinton are now gaining persuasive power. In that case, there is a strong possibility that the United States will try to seek the Seoul government's understanding on improved North Korea-U.S. relations. In this situation, the government has no other choice but to hold it in check. In the series of ROK-U.S. contacts, including the Honolulu assistant minister-level strategy meeting between the ROK, the

United States, and Japan scheduled to open on 24 January, following Lake's visit to the ROK, recovering the mutual cooperation system between the ROK and the United States cannot but be the biggest issue for discussion.

U.S. 'Should Abide by' Cooperation System

SK1001123896 Seoul MUNHWA ILBO in Korean
10 Jan 96 p 7

[Editorial: "The United States Should Abide by the Cooperation System Against North Korea"]

[FBIS Summary] We are concerned that the United States has shown changes in its relations with North Korea, as if it is running counter to the ROK-U.S. cooperation system.

These changes have taken place in the U.S. position on the provision of food aid to North Korea. The United States has reportedly asked the ROK to provide additional rice aid to North Korea.

This differs from the ROK position and view on the North Korean food situation. Based on data from the PRC and Russia, the ROK believes that North Korea is not in a worst-case food shortage scenario. Furthermore, it is the ROK's position that it can provide food aid to North Korea only if changes occur in North Korea's attitude.

If the United States would like to send food to North Korea either for humanitarian reasons or for its own diplomatic success, it should provide its own rice to North Korea without asking us. In food aid to North Korea, we cannot accept something similar to what the United States did to us during the light-water reactor negotiations.

We are not opposed to improved relations between North Korea and the United States. We believe that improved North Korean-U.S. relations will help ease tension on the Korean Peninsula. However, the problem is that the unilateral improvement of relations between North Korea and the United States without improved relations between North and South Korea will not help improve North-South relations, nor be beneficial to maintaining security on the Korean Peninsula.

In addition, we would like to ask the ROK Government not to give in to U.S. pressure — if it has been exercised — to provide food aid to North Korea. In conclusion, in relations with North Korea, the ROK-U.S. cooperation system should not be damaged or allowed to collapse.

North Seeks 'Direct' Military Channel With U.S.

SK1101140496 Seoul KYONGHYANG SINMUN
in Korean 11 Jan 96 p 2

[Article by Yi Sung-chol: "Background of U.S.-DPRK Negotiations in Hawaii"]

[FBIS Translated Text] The position of North Korea, which is participating in DPRK-U.S. negotiations on returning the remains of U.S. soldiers missing in action [MIA], has been concretely disclosed.

Kim Pyong-hong, head of the North Korean delegation, who is a director of the Foreign Policy Division of the North Korean Ministry of Foreign Affairs, said on 10 January in Hawaii that "the two sides will fully discuss matters of mutual concern, including the issue of remains." This clearly indicates he will not only discuss the issue of remains, but also other issues concerned. Judging from the size of the DPRK military delegation in Hawaii, it is a general view that the delegation's goal is to build a direct military channel between North Korea and the United States.

Since 1989, Mr. Kim, who also serves as head of the Institute for Disarmament and Peace, visited the United States on two occasions, including his participation in a seminar in 1992, and visited Japan on four occasions, supporting North Korea's proposal to sign a North Korean-U.S. peace agreement.

Senior Colonel Pak Im-su, deputy spokesman for the North Korean mission in Panmunjom, is the figure who participated in the meeting of secretaries of the Military Armistice Committee when it was held, and who also played a role as a dialogue channel to the U.S. side.

If this is truly North Korea's intent, then it is expected that the negotiations will face a considerable degree of difficulty from the beginning. This is because the United States has made it clear that during the negotiations it will discuss only the issue of the remains of U.S. soldiers, from a humanitarian standpoint.

The U.S. desire has been confirmed in an official remark by the U.S. State Department, as well as in the composition of its delegation.

James Wald, U.S. deputy assistant secretary of defense for prisoners of war and MIA affairs, is an expert on the handling of remains. He was in charge of the negotiations with Vietnam on the issue of remains before diplomatic relations between the United States and Vietnam were established.

The ROK Ministry of Foreign Affairs has said: Although he served as an official in charge of North Korean affairs in the U.S. State Department early last year,

Ken Quinones was able to be included in the delegation because he is well-versed in North Korean affairs as an official of the Information Survey Bureau (as published).

A relevant official of the Ministry of Foreign Affairs firmly stated: "Because the United States has conditionally invited them to only discuss the issue of the remains of U.S. soldiers killed in the Korean War, non-humanitarian political issues will not be discussed during the negotiations."

Of course, unlike the contents of the arrival statement by Kim Pyong-hong, it is possible that North Korea will focus on the return of remains during the negotiations in order to create a favorable atmosphere to improve relations with the United States, rather than directly profit from the negotiations.

Since the negotiations on returning the remains were held in 1988, North Korea has so far sent approximately 200 remains to the United States. However, due to the compensation issue, the negotiations have been suspended since last year.

Since 1993 North Korea has called for \$3.5 million in return for repatriating 131 remains of U.S. soldiers, while the United States has said it will pay only \$260,000.

Seoul, U.S. Stances on Aid to DPRK Viewed
SK0901151496

[FBIS Editorial Report] The following is a compilation of editorials carried by 9 January Seoul vernacular dailies in reaction to the possible supplying of additional rice aid to North Korea.

CHOSON ILBO carries on page 3 an 800-word editorial noting possible pressure from the United States considering rice aid to North Korea. The editorial says: "The North Korean food shortage is expected to be discussed during the high-level policy meeting between the ROK, the United States, and Japan to be held on 24-25 January in Honolulu."

The editorial says: "Regarding this, the government has stressed three preconditions for rice aid to North Korea. Also, it seems that the government has accepted the opinions of the ruling party, which is concerned about the negative impact of additional rice aid to North Korea upon the general elections in April. It has been learned that the government has decided to play a leading role in carrying out the policy of supplying rice to North Korea."

"What shall we do if the United States sends a food survey team to North Korea and, based on its survey

report, actively encourages rice aid to North Korea? The steps we might take in response are not easy ones. In addition, our choice will be difficult if the United States calls on the ROK to participate in the work to supply rice to North Korea as a member of the international community or the International Red Cross."

Referring to the role the ROK played in resolving the issue of supplying light-water reactors to North Korea, the editorial says: "Should the ROK purchase rice from the United States when the work to provide additional rice to North Korea is carried out? Because the ROK provided 150,000 tones of rice to North Korea last year, it has no rice to provide right now." Also, the editorial says: "If the United States and Japan would like to provide rice to North Korea to improve relations with the latter, they should do so according to their situations."

TONG-A ILBO carries on page 3 an 800-word editorial titled "Conditions for Additional Rice Aid to North Korea." The editorial says: "It is necessary for the government to firmly forge plans to deal with additional rice aid to North Korea because it is possible that the three countries — the ROK, the United States, and Japan — may be in conflict concerning rice aid to North Korea. Also, it calls on the government to maintain its existing conditions concerning rice aid, such as resuming dialogue between the North and South Korean authorities, an official request by the North Korean authorities, and an end to the slandering of South Korea."

The editorial adds: "If the government wants to revise conditions for additional rice aid to North Korea, it should seek agreement from the people," referring to the need to clarify the amounts of North Korean grain stocks, including stocks for military purposes.

CHUNGANG ILBO carries on page 3 an 800-word editorial titled "Government Should Understand North Korea's Actual Situation Before Supplying Additional Rice to North Korea." Referring to rumors that the ROK and the United States disagree over additional rice aid to North Korea, the editorial says: "This is not desirable under a situation in which the ROK and the United States need to cooperate closely in dealing with North Korea."

Referring to differences in views between the ROK and the United States concerning the North Korean food situation, the editorial stresses: "The U.S. should respect our government's position that it will determine whether it will provide rice aid to North Korea after correctly grasping the actual food situation in North Korea."

Russia Contacts U.S., Seoul About KEDO

SK1001023896 Seoul YONHAP in English
0125 GMT 10 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 10 (YONHAP) — Russia recently contacted South Korea and the United States to discuss the possibility of its participation in the Korean peninsula Energy Development Organization (KEDO), according to a Wednesday NAEWOE press report quoting a Russian radio broadcast.

According to NAEWOE, Russia's state-run radio station reported Tuesday that Russian Foreign Minister Aleksandr Panov indicated that his country might participate in KEDO's light-water nuclear reactor project in North Korea.

"Russia will formally announce whether or not it will participate in the project, after studying how much weight Russia's voice will be given by the multinational organization," Panov was quoted as saying.

DPRK Said To Start Dry Storage of Spent Fuel

SK1001042796 Seoul CHOSON ILBO in Korean
10 Jan 96 p 2

[Report by Song Ui-tal]

[FBIS Translated Text] Pursuant to the agreement on the supply of light water reactors signed between North Korea and the Korean Peninsula Energy Development Organization in New York on 15 December, North Korea reportedly has begun the dry storage of spent nuclear fuel rods.

An official of the Office of Planning for the Light-Water Reactors Project said on 9 January: "North Korea has begun to work on the dry storage of over 8,000 spent fuel rods which were removed from the five-megawatt experimental reactor in May 1994 and had since been stored in cooling ponds with boric acid. The plan was to start the dry storage work in December, but the equipment sent by the United States malfunctioned, and the new equipment arrived only recently."

EU Membership on KEDO Executive Board Opposed

SK1101091696 Seoul YONHAP in English
0806 GMT 11 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 11 (YONHAP) — South Korea welcomes European Union (EU) participation in the international consortium that will provide North Korea with two light-water nuclear reactors, but not as an Executive Board member, a senior official said Thursday.

"We have never considered changing the structure of the Korean Peninsula Energy Development Organization (KEDO) including the Executive Board which consists of KEDO's three main players, South Korea, Japan and the United States," said Pak Sung-hun, deputy secretary general of the Office of Planning for Light-Water Reactor Project.

Pak added, however, that South Korea welcomes the increasing number of countries joining KEDO because such an increase enhances the credibility of the consortium and could mean more contributions from the world community.

The number two man in the KEDO also said that the EU has yet to reach an agreement on the exact amount they will contribute to KEDO and the role they will take in the consortium.

He added that South Korea and the other two executive members, the United States and Japan, will consider the issue when the EU has a coordinated position on the issue.

Pak dismissed reports that the United States has yet to pay South Korean oil firms that have shipped 19 million dollars worth of heavy oil to North Korea last year on behalf of the KEDO.

"I understand that the United States has paid all of its bills for the oil shipment to the North, which was promised under the Pyongyang-Washington framework agreement signed in Geneva in 1994," he said.

The agreement stipulates that the United States provide 500,000 tons or 50 million dollars worth of heavy oil to North Korea as an alternative source of energy before KEDO completes the construction of two light-water reactors for the North.

The Clinton administration has yet to come up with the money to pay a 23-million-dollar KEDO bill, because the administration has yet to put the bill before Congress due to the ongoing balanced budget dispute between Clinton and Congress, he said.

About three million dollars of the total will be allocated for KEDO operation fees and the remainder is for the provision of oil to the North in 1996.

The United States wants to raise an additional 31 million dollars this year from the EU and other Asian countries, as well as other parts of the world, he said.

U.S. Asks Sharing Cost of Heavy Oil to DPRK
SK1101022496 Seoul HANGUK ILBO in Korean
11 Jan 96 p 1

[Report by Ko Tae-song]

[FBIS Translated Text] It has been learned that the United States has asked the ROK and Japan to share the costs of heavy oil it provided to North Korea in return for the freeze of the DPRK nuclear facilities. The United States has also yet to pay for the heavy oil worth \$19 million it supplied to North Korea through the ROK refining firms.

A government source said on 10 January: "Unable to find any other country to bear the heavy oil costs, the United States has asked for the cooperation of our country and Japan." According to the source, our government cannot accept the U.S. request because the three countries had agreed that the United States would pay for the heavy oil and the ROK and Japan would not share the costs.

Japan has reportedly virtually turned down the request by employing a stopgap policy, saying it would consider the U.S. request if the ROK accepts it.

Meanwhile, it has also been learned that in a bid to raise the heavy oil fund, the United States has asked EU to participate in the Korean Peninsula Energy Development Organization [KEDO] under the condition that EU becomes a member of the KEDO Executive Board of Governors.

According to the Geneva agreed framework signed between North Korea and the United States, the United States is supposed to supply North Korea with 500,000 tonnes of heavy oil a year until 2002 when the first light-water reactor will be completed in North Korea. The total cost of heavy oil is estimated at \$500 million. A total of 190,000 tonnes of heavy oil were supplied to North Korea as of December 1995, and most of it were provided by our enterprises such as Honam and Yugong Refineries.

Japan Asks Guarantee of DPRK Reactors Payment
SK1001052996 Seoul HANGUK ILBO in Korean
10 Jan 96 p 2

[FBIS Translated Text] The differences in opinion between the ROK, the United States, and Japan on how to share the expenses for building light-water reactors in North Korea is expected to cause difficulty in the coordination between the three countries.

An ROK Government official said on 9 January: In connection with the sharing of expenses, the ROK and Japan have proposed signing separate loan agreements

with the Korean Peninsula Energy Development Organization [KEDO]. However, citing the uncertainty of repayment of expenses by North Korea for the expenses, Japan is demanding that its loan agreement with KEDO include a provision that says that the ROK shall guarantee repayment. Japan also states that as Japan has no diplomatic relations with North Korea, it will not be able to share in the expenses before Japan-North Korea relations improve.

Meanwhile, the United States says that it is not necessary for the United States to sign a loan agreement with KEDO because it cannot take part in sharing the expenses.

Japan on Number of Tons of Rice Shipped to North
SK1001124296 Seoul YONHAP in English
1140 GMT 10 Jan 96

[FBIS Transcribed Text] Tokyo, Jan. 10 (YONHAP) — Of the 200,000 tons of rice which Japan has promised for North Korea in a second-phase rice assistance, 79,000 tons have already been transported to the North, a senior Japanese official said Wednesday.

Chief Cabinet Secretary Koken Nosaka said that presently 29,000 tons were in the process of being loaded. "We expect the remaining 90,000 tons, too, will be shipped very shortly," Nosaka said.

He also said that when there was a delay in the transportation of rice a while ago, Japan offered to furnish some freighters, but North Korea declined it.

Policy on Conditional Rice Aid to DPRK Viewed
SK1001110696 Seoul TONG-A ILBO in Korean
9 Jan 96 p 2

[Article by reporter Han Ki-hung]

[FBIS Summary] "Unless North Korea changes its hostile attitude toward South Korea, ROK Government-level rice aid to North Korea cannot be expected. However, civilian-level rice aid can be prudently considered."

This is what the ROK Government announced after a meeting held between the ruling party and the cabinet on 8 January. This decision is believed to be a resolution which the ROK Government has adopted after taking great pains.

In fact, concerning food aid to North Korea, the government has been in a dilemma. In other words, it is awkward for the government to just disregard the international community voices calling for food aid to North Korea from a humanitarian standpoint, and it is more awkward for it to provide food aid to North Korea

in good faith while blinking at its recent harsh attitude of slandering the South Korean authorities.

The reason for the ROK Government's hesitation at providing additional rice aid to North Korea is that North Korea has been bitterly slandering the Kim Yong-sam government. In its new year joint editorial, North Korea went so far as to call on the South Korean people to overthrow the Kim Yong-sam government.

Another reason is because the 15th general elections are only three months away. When the first rice shipment was made to North Korea last year, North Korea forced our ship to hoist the DPRK flag, which resulted in surging public opinion criticizing rice aid to the North. This is why the ruling New Korea Party said in the 8 January party-government meeting that additional food aid to North Korea "without a guarantee of transparency with regard to who in North Korea receives the rice" would reduce the popularity of the ruling party in the upcoming general elections.

The government also believes that "holding back additional rice aid to North Korea could check possible unilateral improvement of relations between the United States and North Korea without the ROK's consent."

A government official said: "Lurking in the United States' request to our country for food aid to North Korea is U.S. President Bill Clinton's wish — on the threshold of the U.S. presidential election slated for November this year — to score the diplomatic achievement of improving relations with North Korea. On the other hand, North Korea's strategy is to receive rice aid through the United States. Therefore, we should not be entangled in this."

This being the case, it has been learned that at the policy consultation meeting of the three countries of the ROK, the United States, and Japan slated for 24 January in Hawaii, the ROK Government will make clear its position that "it can permit civilian-level rice aid to North Korea only under the conditions that an objective examination of North Korea's food situation is conducted and rice aid is not used for military purposes."

Seoul Urged To Be 'Open-Minded' on Rice Aid

SK1001024296 Seoul HANGYORE SINMUN
in Korean 9 Jan 96 p 3

[Editorial: "Rice Aid Issue Should Be Resolved With an Open Mind"]

[FBIS Summary] While the provision of aid to North Korea for the damages caused by the floods has become an international issue, apparently there are "subtle differences in opinion" on this issue among the ROK, the United States, and Japan. The ROK Government

"has reconfirmed its position that it opposes rice aid to North Korea unless there are changes in North Korea's line toward South Korea." However, "this issue will certainly emerge to be an important one when the food shortage season arrives in the spring and North Korea's problems are aggravated."

It "must be difficult for the government to willingly decide" on providing food aid to North Korea because of its experience in the "rough rice aid dealing" last year, and because of the forthcoming general elections. However, both the South's attitude of "adhering to its political position and of waiting until North Korea completely surrenders" and the North's attitude of "giving priority to maintaining its system and of putting aside the residents' starvation" are "of no help" for resolving the issue. Under the current situation, the government "is required to assume an open-minded attitude." It "should actively seek multi-sided contacts with North Korea." It is "regrettable and also undesirable for the future of South-North relations" that South and North Korea "persistently confront each other" while "the sides are believed to be able to find a compromise from a common sense point of view."

Although it may put aside the "complicated" dialogue between the authorities, the government should reexamine its "tightfisted attitude even toward humanitarian-level assistance." "If it puts the brakes on friendly nations' assistance to North Korea or assumes a negative or indifferent attitude on civilian-level assistance to the North, adhering to a theory of international cooperation on the North Korean issue or a South Korea-oriented logic, the government would not win the sympathy of the international community." The government should "prudently" think of the possible "moral denunciation" from the international community.

Official: North Food Shortage 'Not So Serious'

SK1001045996 Seoul CHOSON ILBO in Korean
10 Jan 96 p 15

[Report by Song Ui-tal]

[FBIS Translated Text] Commenting on the status of North Korea's food supply, Kim Hyong-ki, chief of the Intelligence Analysis Department of the National Unification Board (NUB), said on 9 January: "It is true that North Korea is having a difficult time regarding its food situation, but it is not so serious as to cause starvation or a governing crisis. There will be no serious problems until June to July of this year."

Attending a forum organized by the Advisory Council for Democratic and Peaceful Unification, Kim said: "North Korea has reserved 20 percent of its grain yields

every year as military provisions. The United States, the PRC, Russia, and the neighboring countries estimate North Korea's grain yields at 4 million tonnes in 1994 and 3.5 million tonnes in 1995, which is not seriously lower than previous years."

Cairo 'Source': DPRK Storing 6 Months of Food

SK1101061396 Seoul KBS-1 Radio Network
in Korean 0500 GMT 11 Jan 96

[YONHAP report from Cairo]

[FBIS Translated Text] Diplomatic sources in Cairo revealed on 10 January that even though North Korea is suffering from a food shortage due to last year's floods, Pyongyang has stored away food to last six months in case of emergency. Quoting a high-ranking North Korean official who visited the Middle East late last year seeking assistance, sources say that over half of this year's demand for food is lacking, though North Korea has stored away emergency food in preparation for war. However, if the food shortage continues, there is concern that the stockpiled food may be exhausted.

Sources add that the deployment late last year of North Korean military forces along the armistice line was in preparation for the ROK-U.S. combined military exercise. Sources added that North Korea has not secured the weapons and oil necessary to attack the South, and that North Korea claims it has no intentions of attacking.

Support of Civilian-Level N-S Contacts Planned

SK1001073796 Seoul SEOUL SINMUN in Korean
9 Jan 96 pp 1, 2

[Report by Ku Pon-yong]

[FBIS Translated Text] It was learned on 8 January that in an effort to promote North Korea's opening up and the improvement of the quality of everyday life of North Korean residents, the government is seeking ways to revise its policy so as to provide indirect support for contacts with North Korea by a select number of reliable civilian organizations, in addition to, and separate from the promotion of dialogue between the South and North Korean authorities.

To this end, the government is considering the functional and organizational expansion of the National Unification Board (NUB) Secretariat of South-North Talks, whose primary duty has been to support dialogue between the South and North Korean authorities, so that the Secretariat may support civilian-level contacts between South and North Korea through indirect means.

The government is reportedly carefully considering preparing the legal grounds for civilian organizations

to provide materials to North Korea and discussing ways of holding civilian South-North contacts in various fields either in Panmunjom or in a third country, and of sending government authorities to such South-North contacts to provide indirect support to our civilian delegates.

In this regard, the NUB has recently mapped out a draft of adjusted functions for the Secretariat of South-North Talks, which includes its reorganization plan, and features the legal grounds mentioned above, and has reported it to Kwon O-ki, deputy prime minister for unification. This was confirmed on 8 January.

This policy attracts public attention because it is an indication of the government's active policy toward North Korea to diversify channels of dialogue with the North to include our side's reliable civilian organizations, instead of simply adhering to political negotiations with the North Korean authorities, in a bid to improve the practical human rights situation for North Korean residents.

A government authority said: "Unless there is a sudden change in North Korea's attitude, it will be difficult for South and North Korea to hold large-scale talks such as high-level talks between the South and North Korean prime ministers which were held in the past." The authority continued: "Accordingly, the government's participation in and indirect support for civilian-level contacts between South and North Korean religious, academic, social, and cultural organizations will help block the North Korean authorities' reunification front tactics as well as help North Korea open itself up in a manner we find acceptable."

In particular, the authority said: "While discussion between the South and North Korean authorities is most important, it is also important to come up with a policy to improve the lives of North Koreans, who are our fellow countrymen." The authority added: "Illegal organizations such as the National Alliance for the Country's Reunification, however, will not be included in the list of civilian organizations whose contacts with North Korea are to be supported by the government."

In accordance with this policy, the NUB planned on reorganizing the Secretariat of South-North Talks under the tentative title of "South-North Exchange and Cooperation Committee" or "Secretariat of South-North Dialogue" chaired by a vice minister-level official some time in January, but has reportedly called off the plan due to the recent cabinet reshuffle.

Meanwhile, in his inaugural address delivered late last year, Deputy Prime Minister for Unification Kwon presented the following three-point guidelines for his re-

unification policy: To achieve extensive reunification, taking into consideration not only the North Korean authorities, but also the North Korean residents; reunification befitting globalization; and reunification that satisfies particulars.

Unification Official: No Change in North Policy

*SK1001034096 Seoul YONHAP in English
0255 GMT 10 Jan 96*

[FBIS Transcribed Text] Seoul, Jan. 10 (YONHAP) — The government will continue promoting economic cooperation with North Korea "at the demonstration project level" unless Pyongyang makes a sincere effort to improve inter-Korean relations.

A National Unification Ministry official said Wednesday that without a change in Pyongyang's "hostile" policy toward Seoul, inter-Korean economic cooperation would not go beyond such a level.

Since November 1994 when the government announced measures to promote economic cooperation with the North, 124 businessmen from 24 companies have visited North Korea, including 25 businessmen who have visited the communist nation since last September.

Visits by businessmen to the North to discuss inter-Korean economic cooperation will continue as before, he added.

Last year, the government approved seven inter-Korean economic cooperation projects, with none of them bearing any fruit.

Additional projects will be approved when the seven existing ones prove successful, the official said, adding that the ministry has received applications for some 10 new inter-Korean economic cooperation projects.

'Violent' DPRK Propaganda Casts 'Dark Shadow'

*SK1001112196 Seoul TONG-A ILBO in Korean
10 Jan 96 p 2*

[Report by Han Ki-hung]

[FBIS Translated Text] North Korea's slander of the South is becoming more violent with each passing day. In particular, personal attacks directly aimed at President Kim Yong-sam have reached a peak. Thus, North Korea is casting a dark shadow over North-South Korean relations.

North Korea, which urged the overthrow of the Kim Yong-sam regime in its New Year message on 1 January, has been slandering and vilifying President Kim and our authorities in every way by mobilizing all of its mass media, including broadcasts and newspapers.

On 9 January, the central broadcasting network preposterously denounced the remarks made by President Kim during the New Year ceremony that he will "make efforts for social stability, prosperity and peaceful reunification," branding them the "cunning gibberish of a traitor."

Prior to this, North Korea severely denounced President Kim's New Year message and remarks on alertness against North Korea as "nonsensical remarks," "reckless northward war commotions," a "funeral march of the boss of burglars" and so forth, then urged the overthrow of Kim Yong-sam's regime. North Korea is continually frantically running amok with slander of the South, just as it did during the Fifth and Sixth Republics.

The attitude shown by North Korea, which one can hardly understand with common sense, shows that the crisis in its system is indeed serious.

A relevant official of the National Unification Board stated that "facing a crisis in the collapse of its system, North Korea is frantically arousing hostility against South Korea in order to divert the people's attention elsewhere. Since North Korea is not in a position to denounce the United States and Japan as in the past, it attaches more importance to slandering and vilifying the South."

Another official pointed out that "since former Presidents Chon Tu-hwan and No Tae-u were imprisoned, North Korea has expected confusion to be created in South Korean society. However, its expectations have fallen short. As such, North Korea, being fretful about this, has tried to instigate people to overthrow the government."

North Korea has begun feeling a sense of crisis in the fact that South Korea continues to develop, while the DPRK is moving rapidly toward a collapse, and a gap between the two regimes has thus been widened. This has led North Korea to follow such a unreasonable attitude.

The authorities explain that this attitude of North Korea may be effective for controlling its own domestic affairs but is not conducive to the improvement of North-South relations. Accordingly, North Korea is only deepening the crisis in its system by assuming such an attitude.

Daily on DPRK Leaders Who Rose, Died in 1995

*SK1001215096 Seoul CHUNGANG ILBO in Korean
10 Jan 96 p 10*

[Article by reporter Kim Yong-ho]

[FBIS Translated Text] A great number of leading figures in North Korea died of illness and old age

last year. It is observed that the first generation of the revolution, including Vice President Pak Song-chol, will leave the scene in a natural manner due to old age, and the scope of activities of expert bureaucrats will be gradually expanded in external economy and negotiations. Along with this, a generational shift will also eventually be carried out.

O Chin-u, Minister of People's Armed Forces who had been hospitalized in Paris thanks to Kim Chong-il's special favors, died on 25 February last year at the age of 78. General Son Chong-chun died in March, and Vice Minister of the People's Armed Forces Kim Pong-yul died on 19 July last year. Thus, one of the North Korean Army's pillars collapsed.

Meanwhile, in the Administration Council, Kim Se-yong, minister of natural resources development, died in October; Yi Yong-sop, prosecutor general in the Central Prosecutor's Office, died in November; and Kim Hyong-yul, DPRK Ambassador to Cambodia, died in January, and Kim Ki-chan, DPRK Ambassador to Senegal, died in August, both while serving in their respective posts. Kim Chang-ho, chairman of the Electronic Automation Industry Committee, died in November. On the party side, Paek Pom-su, responsible secretary of South Hwanghae Provincial Party Committee, and chairman of the People's Committee, died in September. Besides, Yu Ho-chun, director of the Secretariat of the Committee for the Peaceful Reunification of the Fatherland, a united front organization aimed at the South, and Yi Chin-kyu, first vice chairman of the General Association of Korean Residents in Japan [Chongnyon], also died last year.

On the other hand, a number of leading officials in North Korea rose to the fore last year. Choe Kwang, chief of General Staff, was promoted to Minister of People's Armed Forces in October on the occasion of the 50th anniversary of the founding of the Workers Party, after a seven-month vacancy in that post, and General Kim Yong-chun took over Choe's position. These two are representative of those who rose to the fore last year. Cho Myong-nok was appointed director of the General Political Bureau of the Armed Forces and Kim Kwang-chin was appointed First Vice Minister of the People's Armed Forces. Kim Chong-il awarded the title of marshal to Choe Kwang and Yi Ul-sol, and vice marshal to Generals Cho Myong-nok, Yi Ha-il, and Kim Yong-chun. In addition, Kim Ha-kyu, Hyon Chol-hae, and Kim Pyong-yul were promoted to general.

In the field of external economy, activities of Yi Song-tae, Chairman of the External Economy Committee, and Yi Song-nok, vice chairman of this committee and chairman of the DPRK International Trade Promotion Committee, were remarkable. In particular, Yi Song-

nok visited Japan and succeeded in obtaining 300,000 tons of rice.

Chon Kum-chol sat face-to-face with Yi Sok-chae, then vice minister of the ROK Economic Planning Board, in Beijing, in the capacity of adviser to the DPRK Committee for the Promotion of External Economic Cooperation, and succeeded in securing aid of 150,000 tons of rice from South Korea. Meanwhile, Kim Chong-u, Vice Chairman of the External Economy Committee, participated in the meeting to explain investments in North Korea and other events, thus showing vigorous activity in the international arena.

Kim Kyong-hui, Kim Chong-il's sister who was director of the party's Light Industry Department, was promoted to director of the Economic Policy Inspection Department, which merged the construction and transportation departments. Chang Song-taek, her husband, was appointed deputy director of the Organization and Guidance Department, a core organization of the party. Chang Song-u, Chang Song-taek's elder brother who was director of the Political Bureau in the Ministry of Public Security in the Administration Council, was appointed Commander of the Third Corps, and Chae Mun-tok took over Chang Song-u's post.

Besides, Vice Foreign Minister Kim Kye-kwan, who was a partner of Thomas Hubbard, deputy assistant secretary of the U.S. State Department during U.S.-DPRK nuclear negotiations; Vice Foreign Minister Choe Su-hon, who led the North Korean delegation to the 50th UN General Assembly; and Ambassador Ho Chong, a working-level delegate from the North Korean side to negotiations with the Korean Peninsula Energy Development Organization, carried out remarkably brisk diplomatic activities.

President Kim Congratulates Japan's Hashimoto

SK1101101996 Seoul YONHAP in English
1006 GMT 11 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 11 (YONHAP) — President Kim Yong-sam sent a message to new Japanese Prime Minister Ryutaro Hashimoto Thursday afternoon, expressing congratulations on his assumption of premiership.

In the cable, President Kim expressed the hope that under Hashimoto's outstanding leadership, Japan would continue to enjoy peace and prosperity and Japan's cooperative international relations would become expanded.

The president also sent a message to outgoing Prime Minister Tomiichi Murayama, saying that he deeply cherishes the exceptional friendship and cooperation

Murayama displayed to him during his service as prime minister.

President Kim said he hopes there will soon be an opportunity for Mr. Murayama to visit South Korea to further cement their friendship.

Hashimoto Urged To Set Up 'New Friendly' Ties

SK1101090896 Seoul YONHAP in English
0808 GMT 11 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 11 (YONHAP) — South Korea Thursday welcomed the election of Ryutaro Hashimoto, president of the Liberal Democratic Party, as the 82nd prime minister of Japan.

In a prepared statement, the Foreign Ministry expressed a desire that the Hashimoto government work with the South Korean Government to establish a new friendly bilateral relationship for the 21st century.

The statement also expressed the hope that this new bilateral friendly relations will be based on a broad understanding between the people of two countries.

Meeting With Japanese Foreign Minister Urged

SK1101104096 Seoul YONHAP in English
1015 GMT 11 Jan 96

[FBIS Transcribed Text] Seoul, Jan. 11 (YONHAP) — South Korea plans to have a Korea-Japan foreign ministers meeting in Seoul upon the inauguration of a new cabinet headed by Prime Minister Ryutaro Hashimoto.

A Foreign Ministry official, while observing Rep. Yukihiko Ikeda would certainly be the foreign minister of the Hashimoto cabinet, said Thursday "We will promote a Korea-Japan foreign ministers meeting soon after the formal inauguration of the Hashimoto Cabinet."

The official said the meeting will be instrumental to implementing bilateral agreements made during the days of outgoing Foreign Minister Yohei Kono.

The time of the meeting has not yet been determined, he said, adding that his ministry will negotiate with Tokyo for having the meeting as soon as possible.

Topics of the talks could include the idea of forming a joint history institute, the question of raising the legal status of Korean residents in Japan and the issue of whether to provide any further rice to North Korea, he said.

Russia's New Foreign Minister Appointment Viewed

SK1101004496 Seoul THE KOREA TIMES in English
11 Jan 96 p 2

[FBIS Transcribed Text] Yevgeniy Primakov, former head of Russia's Foreign Intelligence Service who was appointed as the new foreign minister by President Boris Yeltsin Tuesday [9 January], is the expert in Korean affairs who arranged President Kim Yong-sam's visit to the Soviet Union in 1989 when Kim headed the minor opposition Reunification Democratic Party [RDP].

"Primakov also played a key role in arranging Kim's second visit to the Soviet Union in 1990, and his meeting with then Soviet President Mikhail Gorbachev at Kremlin," said Pak Yong-hwan, a presidential press secretary who has worked for Kim since his opposition days.

Kim made the second visit to the Soviet Union as chairman of the ruling Democratic Liberal Party [DLP] in March 1990. Kim merged his RDP with former President No Tae-u's DLP and Kim Chong-pil's New Democratic Republican Party in January 1990, a political maneuvering which eventually helped him grab the presidency.

According to Secretary Pak, Primakov, then director of the IMEMO (Institute of World Economy and International Relations) personally invited Kim to visit the Soviet Union in June 1989 after seeing a promising political fortune in the South Korean opposition leader.

Primakov arranged a meeting with Ho Dam, North Korean leader Kim Il-song's righthand man, during Kim's Moscow visit, and provided various conveniences to the future South Korean president.

"Highly perked up by his fruitful Soviet visit, Kim, nearly a teetotaler, drank a bottle of vodka at a party Primakov hosted at the IMEMO. Of course, they became good friends," Pak said.

Kim also visited Moscow in March 1990 and met President Gorbachev and other Soviet leaders at the good offices of Primakov, who then became a deputy foreign minister and an alternate member of the ruling Politburo, according to the presidential press aide.

Kim also met Primakov in June 1994 when he made a state visit to Russia as the President. Even after the fall of the Soviet Union Primakov, who has a good knowledge of the East and West, was named to head the Foreign Intelligence Service in the autumn of 1991 when the former KGB was divided into domestic and foreign services.

According to Pak, Primakov is a close acquaintance of President Kim within the Russian ruling class, along with President Yeltsin and Vitaliy Ignatenko, a renowned Russian journalist.

Burma

SLORC Chairman, Delegation Leave for PRC

BK0701145296 Rangoon Radio Myanmar in Burmese 1330 GMT 7 Jan 96

[FBIS Translated Text] Senior General Than Shwe, chairman of the State Law and Order Restoration Council [SLORC] of the Union of Myanmar [Burma], and his wife Daw Kyaing Kyiang departed Yangon [Rangoon] International Airport for the PRC aboard a special aircraft at 0800 today to pay a goodwill visit at the invitation of the PRC Government and leaders.

Sr. Gen. Than Shwe and Daw Kyaing Kyiang were seen off at the airport by: General Maung Aye, SLORC vice chairman, deputy commander in chief of the Defense Services, and commander in chief of the Army, and his wife; Lieutenant General Tin U, secretary-2 of SLORC, and his wife; Vice Admiral Maung Maung Khin and Lt. Gen. Tin Tun, SLORC members and deputy prime ministers, and their wives; SLORC members and their wives; cabinet ministers and their wives; senior military officers; U Nyunt Swe, deputy minister of foreign affairs; heads of departments; Mr. Valeri V. Nazarov, head of the diplomatic corp in Myanmar and ambassador of the Russian Federation; ambassadors and charge d'affaires of the embassies; UN resident representatives and their wives; and Mr. Yu Tiegeng, charge d'affaires of the Chinese Embassy, and embassy staff.

Sr. Gen. Than Shwe and Daw Kyaing Kyiang were accompanied by: Lt. Gen. Khin Nyunt, secretary-1 of SLORC, and his wife; Brigadier General Abel, minister of national planning and economic development; Foreign Affairs Minister U Ohn Gyaw and his wife; Major General Aye Kyaw, minister of information; Maj. Gen. Saw Tun, minister of construction; Maj. Gen. Kyaw Than, minister of industry- 2; Brig. Gen. Tin Ngwe, commander of the Northeast Military Command; and responsible personnel of the SLORC Office, Defense Ministry, and Foreign Ministry.

'Sources': Government Leaders Meet With Khun Sa

BK0801034096 Bangkok BANGKOK POST in English 8 Jan 96 p 1

[Unattributed report]

[FBIS Transcribed Text] Mae Hong Son — Burmese leaders held talks with Khun Sa to secure the allegiance of his Mong Tai Army [MTA] yesterday, sources said.

A Burmese delegation, led by Eastern Force Commander Maj-Gen Tin Htut, flew into Ho Mong to a welcome ceremony Khun Sa and 2,000 MTA soldiers.

Khun Sa, who this month gave the Rangoon junta control of Ho Mong, opposite Mae Hong Son, has given the SLORC [State Law and Order Restoration Council] a 10-point set of demands for the MTA's surrender, the sources said.

The key demands were amnesty for himself and his men from drug charges, a secure future for the troops and cooperation on narcotics, they said.

As the talks, expected to continue for some time, got under way, 600 Burmese troops arrived at the MTA's Tha Sopteng base on the Salween river.

Khun Sa sent pick-up trucks for the troops, who were expected to survey MTA positions.

The sources said Khun Sa and many top Shan leaders were present at the welcome ceremony followed by a feast.

During the ceremony, the Shan leadership gave Maj-Gen Tin Htut a list of MTA soldiers in a gesture to mark the end of the armed struggle against Rangoon.

Despite the apparent warming of relations between the Shan leader and Rangoon, there are indications Khun Sa may have surrendered to take his chances in court as the only option left open to him.

Analysts said Khun Sa has for the past few months been a primary target of the Burmese military.

Burmese offensives on territory held by Khun Sa's forces in northern Shan State had also resulted in the defection of up to 6,000 of his troops, they said.

As a result, Khun Sa had few options other than seeking an agreement with Rangoon, even though he would face a mandatory death sentence if tried and convicted.

"Khun Sa, who is first and foremost a businessman at heart, must have weighed his options very carefully and decided to take his chances with a Burmese court of law," one legal expert said.

Burmese troops have taken control of MTA territory following the signing of a ceasefire agreement.

"Burmese authorities who have consistently stated that they consider Khun Sa a criminal will most likely bring him to justice following his surrender," the legal expert said.

Another analyst claimed that being brought to justice in Burma could be an attractive option for Khun Sa as death sentences are rarely carried there.

"With the precedence of periodical amnesties, where death sentences are usually commuted to life imprisonment and further reduced for good behaviour, Khun Sa can become a free man in no time at all," he said.

Demands for Khun Sa's extradition by America are also likely to be ignored by the junta as Burma has signed no extradition treaties.

Washington has posted a \$2 million reward for information leading to the arrest of Khun Sa, accused of being the source of most of the heroin imported into America.

Khun Sa has denied drug trafficking charges, for which he has been indicted in America, calling himself as a Shan independence leader.

Meanwhile, the United Wa State Army has expressed hope it will be able to take control of formerly MTA-held areas in Shan state, a Wa official was quoted as saying.

The Wa was outmanoeuvred by the reported deal struck by Khun Sa and Rangoon, after the Wa army had been making steady progress against the MTA since the middle of last year, the official said.

The official said that the Wa, which struck a ceasefire agreement with the junta in 1989, had told Rangoon in June of plans for a major offensive against the MTA at the end of the year.

The deal gave the Wa access to government-held roads and provided them with mortar rounds with which to attack the MTA, Wa officials said.

— In Karenni State, fighting continued as soldiers of the Karenni National Progressive Party fought to dislodge Rangoon forces from the mountainous U Lae tract.

'Source' Reports Khun Sa 'Remains at Liberty'

BK0801064396 Hong Kong AFP in English
0631 GMT 8 Jan 96

[FBIS Transcribed Text] Bangkok, Jan 8 (AFP) — Reputed opium warlord Khun Sa remains at liberty in his base at Ho Mong in northern Burma's Shan state and has just concluded a ceasefire agreement with the Burmese junta, a Shan source said Monday.

Khun Sa presided over a ceremony Sunday in which he handed over weapons to a delegation from Rangoon negotiating a ceasefire between his Mong Tai Army (MTA) and the Burmese junta, the MTA source said.

The MTA source, speaking by telephone from Mae Hong Son in northern Thailand, said he had returned late Sunday from a trip to Ho Mong, about 30 kilometers (18 miles) from the Thai border, where he had seen Khun Sa.

He provided no details on the type or amount of weapons handed over, but stressed that only a few Burmese troops were present in Ho Mong, which he said was still being controlled by the MTA.

Military officials in Rangoon said last week that government troops had entered Ho Mong and had met little resistance. They added that operations were continuing against Khun Sa, suggesting they were unaware of his whereabouts.

The officials said some 15,000 MTA troops remained in the area but had put up little resistance when government forces advanced on their bases.

The MTA source said Khun Sa had concluded a 10-point ceasefire agreement with the Rangoon junta under which the MTA would administer territory already in its hands. He was unaware of the details of the other nine points.

The agreement had already been signed in Rangoon by Khun Sa's uncle Khun Saeng, the source said. He denied press reports that Rangoon had been holding Khun Saeng involuntarily to force an agreement out of his nephew.

The United States, which has put a price of two million dollars on Khun Sa's head, has called on Burma to hand over the warlord for trial on drug trafficking charges if he surrendered or was caught.

The Burmese government has indicated that operations were continuing against Khun Sa, for whom an unconditional surrender was being sought, but that the warlord would not be turned over to the United States.

Khun Sa, who stepped down as MTA leader in November after some 6,000 of his troops defected after months under pressure from a Burmese government offensive, has repeatedly denied the drug trafficking charges.

Khun Sa Reportedly Surrenders SAM's, Weapons

BK0901064096 Bangkok BANGKOK POST
in English 9 Jan 96 p 3

[Unattributed report]

[FBIS Transcribed Text] Mae Hong Son — Drug warlord Khun Sa has surrendered an arsenal to the Burmese military at his Ho Mong base, a Border Patrol Police source said yesterday.

The weapons, including 15 SAM-7 surface-to-air missiles, 1,005 rifles, rocket-propelled grenade launchers and a homemade 105 mm mortar, were given to Maj-Gen Tin Htut, commander of the Eastern Force.

The handover was presided over by Khun Sa, accompanied by his lieutenants, Chao Fa Mai, Chao Jam Mai and Chao Fa Lun.

The weapons handed over accounted for 33 percent of the Mong Tai Army's [MTA] arsenal, the source said.

Maj-Gen Tin Htut, who led a Burmese delegation to Ho Mong, said troops of the State Law and Order Restoration Council (SLORC) and the MTA would from now on join forces to develop Shan State, where Rangoon was sending a first shipment of 50,000 bags of rice.

The Burmese general said talks would be held with Thai authorities to reopen border crossings between Thachilek and Mae Sai, Chiang Rai and in Mae Hong Son.

Thachilek-Mae Sai, an important trading point, was closed by Rangoon last February following an attack on Thachilek by MTA forces.

After the arms hand-over, the Burmese delegation returned to Rangoon by helicopter without discussing Khun Sa's demands for amnesty for himself and his men and cooperation in the field of narcotics.

Governor Somchet Wiriadamrong said Burmese troops deployed at Doi Saeng had pulled back and that the situation was normal.

He said the talks between the SLORC and the MTA would also benefit Thai communities on the border.

Khun Sa's Uncle on Compromise With SLORC

BK0801043096 Bangkok THE NATION in English
8 Jan 96 p A6

[Unattributed report]

[FBIS Transcribed Text] Chiang Mai — Pressure from an internal split and an imminent joint attack by the Burmese army and rival ethnic Wa forces forced Golden Triangle warlord Khun Sa to recently open peace talks with the Burmese junta.

Khun Sa, who was indicted six years ago by US courts on several drug trafficking charges, also encountered difficulties after Thailand sealed off the Thai Burmese border a year ago.

Bangkok's action prevented food and medical provisions reaching Khun Sa's forces, according to his uncle and close associate Khun Saeng.

Khun Saeng, said to be one of the key players in Khun Sa's negotiations with Burma's rulers, said in an interview yesterday that Khun Sa had no alternative but to open talks with Rangoon.

He said Khun Sa had been pressured politically and militarily since Maj Gan Yord defected in June with about 2,000 troops of the Mong Tai Army (MTA).

The defection had caused a serious split between the Chinese and Shan membership of the MTA, he added.

The MTA was also pressured by the Burmese junta, the State Law and Order Restoration Council (SLORC), who had cooperated with Khun Sa's ethnic Wa rivals to encircle and attack various MTA outposts since June. The assaults resulted in about 300 death on the MTA and Wa sides, said Khun Saeng.

The other factor was the decision by the Thai Army and government to close various paths into the MTA areas opposite Mae Hong Son, Chiang Mai and Chiang Rai, making it difficult for the MTA to acquire food and medical provisions, he added.

Khun Saeng, who was responsible for MTA finances, said after the Thai closure, the MTA had to pay Bt [baht] 2,500-3,000 for each pick-up load of goods and Bt500 for each traveller crossing the Thai border.

The Burmese side had also demanded a Bt200,000 protection fee a month, with some Thais sharing the financial benefits, he said.

Under the deal with SLORC, the MTA would give up some of its weaponry and MTA troops would be transformed into local militia forces, which would help Rangoon develop the country, according to Khun Saeng.

He said SLORC would seize all MTA heavy weapons, allowing them only personal firearms.

Khun Sa's secret deal with SLORC has caused some dissension in the MTA especially among the leading Shan members and grassroots forces.

Maj Kyaw Htun, an MTA officer, said he and 300 other troops had fled MTA headquarters at Ho Mong, opposite Mae Hong Son province, before the Burmese troops marched in to take control of the area.

He said he recently learned that Khun Sa had sent Chinese emissaries to hold secret talks with SLORC without informing Shan members of the MTA.

Kyaw Htun said he found out that Khun Sa had agreed to surrender the MTA controlled area to Rangoon.

"Khun Sa's decision was a betrayal of the Shan revolutionary cause. It's a sell-out of the Shan land to the Burmese. It's a well planned conspiracy," he said.

He added that Khun Sa had basically used MTA members of Chinese origin from various outposts to secretly talk with Burmese authorities. SLORC had asked the MTA to lay down all arms by Jan 3, he said.

Kyaw Htun said a large number of Shan troops in the MTA had fled Homong into Thailand and that 2-3,000 of them were trying to reunite.

He said by Jan 3 about 2-3,000 Burmese troops of the 55th, 99th and 525th battalions had full control of Ho Mong and various strategic MTA outposts. ✓

The Shan members, he said, were very displeased with Khun Sa's surrender and the handing over of arms and decided to continue their struggle for the independence of Burma's northeastern Shan State.

Karenni Rebels 'Battling for Survival'

BK1001050896 Hong Kong AFP in English
0458 GMT 10 Jan 96

[FBIS Transcribed Text] Bangkok, Jan 10 (AFP) — Ethnic Karenni rebels in Burma's eastern state of Kayah are battling for survival under the onslaught of a major offensive by Burmese government troops, a Karenni source said Wednesday.

"We want peace and a ceasefire, but the SLORC [State Law and Order Restoration Council] has ignored that and said the Karenni have declared war," the source said, referring to the State Law and Order Restoration Council, as the Burmese junta is officially known.

Burmese troops have been poured into Kayah state, where the Karenni were putting up fierce resistance at their bases along the frontier with Thailand, the source said by telephone from the Thai border town of Mae Hong Son.

The source, who requested anonymity, said some 3,600 Burmese troops had been deployed in Kayah since the offensive began in June and that new reinforcements were being transported into the remote state.

"We are just trying to defend ourselves," the source said, adding that the Karenni had only some 1,000 fighters on hand.

He said the Karenni had offered to sign a ceasefire with the Burmese government but that Rangoon had quashed any hopes of reaching an agreement acceptable to the rebel group.

"We are trying to survive because we cannot surrender," he said, adding that the Burmese junta intended to move the Karenni out of Kayah state and into areas of Burma where government control was consolidated.

The situation in Kayah was quiet Wednesday, he said, after calming down late Tuesday following heavy fighting in which the rebels recaptured a key base near Thailand identified as Ran Bo Hill.

He said that some 1,600 Burmese government soldiers were occupying low-lying areas near the Thai province of Mae Hong Son and facing off with between 400-500 Karenni troops holding the higher ground.

The Karenni National Progressive Party (KNPP) signed a ceasefire agreement with the SLORC last March which gave the rebel group de facto control of most of Kayah State, opposite Mae Hong Son.

But Burmese forces entered the area in June, saying that their presence was needed to halt illegal logging and exports to Thailand.

Kayah is just south of Burma's Shan state, where government troops have reportedly signed a ceasefire with and entered territory controlled by the Mong Tai Army of reputed opium warlord Khun Sa.

Karenni Fighters Fail To Retake Bases

BK1001034296 Bangkok THAILAND TIMES
in English 10 Jan 96 p A1

[Unattributed report]

[FBIS Transcribed Text] Mae Hong Son — About 400 Karenni National Progressive Party (KNPP) were in vain in their attempt to retake its Thana Khwai and Sakheu strongholds seized by the Burmese government troops earlier this month, it was reported yesterday. [sentence as published]

At 3 am, the KNPP guerrillas launched an offensive on the Rangoon troops positioned at Sakheu military base, using .81 and .60 mortars.

The battle took place about 10 kilometers away from Thai-Burmese border and lasted for two hours.

The guerrillas launched another assault against the Burmese soldiers at 7 am but failed again to retake their former base. The fighting ceased at 9.30 am the same day.

According to Thai military source, the KNPP troops suffered heavy casualties after the failed battles. The Burmese troops reportedly fought back with 105 mm artillery.

KNPP leaders Gen Aung Than Lay and Lt-Gen Ba Thu are reportedly taking shelter in Ban Huai Mae Surin village of Mae Hong Son's Khun Yuam district. They fled to the area on Saturday [6 January], a Thai border patrol police said.

The KNPP managed to retake one of its military bases seven kilometer above Doi Saeng on Monday since the Burmese troops' seizure of several of its strongholds on December 31.

Third Army Region Commander Gen Thanom Watcharaphut yesterday inspected Thai troops stationing along Thai-Burmese border to ensure the military potential to deal with foreign troops encroaching on

Thai soil in case the battle between Burmese junta and the ethnic Karenni escalates.

"It's not because there is heavy fighting, but the troops are necessary to be stationed there for military preparation. Soldiers should always be prepared," Thanom said referring to the recent reinforcement of Thai troops along Thai-Burmese border at Muang district in Tak province.

Brunei, Malaysia & Singapore

Malaysia

Japan's Murayama Resignation Not To Affect Ties

BK0601130396 Kuala Lumpur THE STAR in English 6 Jan 96

[BERNAMA report — received via Internet]

[FBIS Transcribed Text] KUALA LUMPUR: Relations between Japan and Malaysia are expected to continue growing smoothly despite the resignation of Prime Minister Tomiichi Murayama, Foreign Minister Datuk Abdullah Ahmad Badawi said yesterday.

"We hope Murayama's successor will continue the good relations between the two countries," he said in a telephone interview here.

Abdullah said close co-operation between the two nations had a strong basis not only in the economic and commercial fields but also in the political arena as well.

Murayama officially announced his resignation in Tokyo yesterday. Kyodo news agency has reported that he expects his successor, possibly Trade Minister Ryutaro Hashimoto, to ensure Japan's economic recovery and handle other pressing issues.

Abdullah also did not expect any changes in the many common policies or understanding that had been agreed upon by the two nations, including those made during the Asia Pacific Economic Co-operation informal summit last November.

"Our relations are based on a government-to-government basis which are strengthened by the close relationship between the political leadership of both countries which include Cabinet-level ministers," he added.

He said there had been many changes in the leadership of the Japanese government in the past but its relations with Malaysia had not been affected.

Murayama, 71, said his successor would be decided by his Social Democratic Party, the Liberal Democratic

Party (LDP) and New Party Sakigake, which together make up the ruling coalition.

Hashimoto, who is LDP president, said Finance Minister Masayoshi Takemura, who is New Party Sakigake chief, and other cabinet ministers approved Murayama's resignation at a special meeting yesterday afternoon.

Mahathir on Balance of Payment Deficit

BK1101092096 Kuala Lumpur Voice of Malaysia in English 0800 GMT 11 Jan 96

[FBIS Transcribed Text] Prime Minister Datuk Sri Dr. Mahathir Mohamed said the often-repeated calls by the developed countries to have a level playing field in trade and services was meaningless because of the different capabilities of the players concerned. This was because players from developed countries were usually giants, and those from developing countries, midgets.

He was speaking at a dialogue in conjunction with the national economic forum on the balance of payment deficit in Kuala Lumpur.

Answering a query on whether the government was aware of moves by certain countries to introduce rules in the World Trade Organization that would open out the markets of developing countries, Dr. Mahathir said the government was aware of efforts to have lopsided treaties and would always ensure a sense of fair play on these issues.

Referring to a call by developed countries to allow their companies to operate on a national right basis in the country's services sector, Dr. Mahathir said this may result in low-claim cooperative companies disappearing because of severe competition.

Singapore

Britain's Blair Praises Economic Achievements

BK0801104196 Singapore THE STRAITS TIMES in English 8 Jan 96 p 3

[Report by Douglas Wong]

[FBIS Transcribed Text] Britain's Labour Party leader Tony Blair said yesterday that he saw Singapore as an example of the type of "stakeholder economy" — in which economic growth goes hand-in-hand with social cohesion — that he would like to introduce in his country.

"Singapore's great achievement is to have increased prosperity but combined it with social cohesion, with a strong commitment to full employment," he told THE STRAITS TIMES.

Mr. Blair was speaking after visiting the NTUC [National Trade Union Congress] Pasir Ris Resort where he was hosted to lunch by Minister without Portfolio and NTUC secretary-general Lim Boon Heng and briefed on NTUC's activities.

For Britain to succeed, it must "take the whole country forward... giving each person a stake in the economy," he said, defining the "stakeholder economy" concept which his party will offer the British electorate in elections due by April 1997.

"I was immensely impressed by what I saw of the trade union movement here today," he said.

"The emphasis on the cooperative approach is in many ways what our trade unions are beginning to reach for...and the idea of providing services outside of simply representing workers at the workplace was interesting and well worth looking at."

The official leader of the opposition in the British parliament is on a two-day private visit here in his first major foreign trip outside of Europe since taking the helm of the Labour Party in 1994.

Noting that Singapore was a developed economy now, Mr. Blair said many of the challenges the two countries faced were similar and that, like Singapore, Britain must prepare for global and technological changes through investment in education and infrastructure.

The Labour Party is also interested in Singapore's Central Provident Fund (CPF).

"What is impressive about the CPF is the way it encourages savings and investments, two things that we have to do in Britain."

He said Britain's welfare system at the moment was not functioning in the way it should, since it neither helped the poorest in society nor gave people the incentive to get back into work.

But he added that he was not advocating a wholesale transfer of the Singapore or East Asian model of economic development to Britain, as it had a particular context.

He said the main purpose of his visit was to give businessmen here and in Asia an idea of what an incoming Labour government would look like.

Today, he will address leading businessmen after calling on Prime Minister Goh Chok Tong and Foreign Minister S. Jayakumar in the morning. He will also call on Senior Minister Lee Kuan Yew and Deputy Prime Minister Lee Hsien Loong and be hosted to a dinner by the Senior Minister before departing for London tonight.

Yesterday, he also met three Singapore Democratic Party (SDP) leaders — chairman Ling How Doong, secretary-general Chee Soon Juan and central executive member Cheo Chai Chen at Eden Hall, the residence of British High Commissioner Gordon Dugan, according to an SDP statement.

During the brief discussion, Mr. Blair asked about the opposition's alternative for Singapore, to which the SDP leaders replied that it needed a more open system and a civil society involving Singaporeans in the nation's political process.

Cambodia

Khmer Rouge Official on Winston Lord Visit

BK0901045696 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 8 Jan 96

[Interview with Mak Ben, minister of rural areas and water conservancy of the Provisional Government of National Union and National Salvation of Cambodia, by an unidentified correspondent on 8 January; place not given — recorded]

[FBIS Translated Text] [Correspondent] Your Excellency, would you please tell us what topics were discussed at the 8 January cabinet meeting of the Provisional Government of National Union and National Salvation [PGNUNS]?

[Mak] Yes. During its 8 January meeting, our cabinet heard the annual report of His Excellency Khieu Samphan, prime minister and minister of the National Army. The cabinet gave advice to all National Army and guerrilla units and all PGNUNS local administrations, urging them to join the entire nation and people in carrying out their major political duties for 1996. They were advised to implement the guerrilla and people's war and increase the fighting forces in all sectors in order to terminate the communist Vietnamese war and end their puppet regime as well as implement the PGNUNS immigration and nationality laws responsibly, strictly, and rigorously.

[Correspondent] It was reported from Phnom Penh that Winston Lord, the U.S. assistant secretary of state, is coming to Phnom Penh in mid-January. Can you tell us about the purpose of the visit to Phnom Penh by this high-ranking U.S. official?

[Mak] Yes. U.S. Secretary of State Warren Christopher came to Phnom Penh himself in July 1995. His visit to Phnom Penh was unusual. You would not expect the U.S. secretary of state to come to Phnom Penh if there

were no emergencies, because the United States is mired from head to toe everywhere in the world.

[Correspondent] What emergencies are there?

[Mak] The first emergency is that the communist Vietnamese and their puppets have been smashing and removing the forces of the United States. The second emergency is that the regime of the two-headed traitors and stooges of the communist Vietnamese and the alliance is collapsing and decomposing in all fields and sectors.

People ask whether Warren Christopher solved anything by coming here. How have the forces of the United States fared? How have the two heads fared? Everybody, whether Cambodian or foreigner, has clearly seen and is able to say without mincing words that the two-headed regime has worsened and is in even more serious agony in all fields and sectors. As for the forces of the United States, they continue to be smashed and removed by the communist Vietnamese and their puppets.

The communist Vietnamese and Hun Sen are very fascist toward the Cambodian nation and people from all strata. Even Prince Sirivut, half brother of the king and secretary general of FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia], was not spared. He was arbitrarily jailed and exiled by the communist Vietnamese and Hun Sen, who have been acting as kingmakers, bullies, and fascists with impunity. It is also with impunity that they have liquidated and scattered other forces that are not communist Vietnamese puppets; that refuse to brown nose the communist Vietnamese. The communist Vietnamese puppet regime is undemocratic, has no freedom or monarchy, and is far from being a kingdom of Cambodia.

What can Winston Lord, the U.S. assistant secretary of state, do by coming to Phnom Penh? He can do nothing. He cannot save the forces of the United States and he cannot save the two heads. Given such a situation, should the United States blindly continue its old policy by joining the communist Vietnamese and their puppets in massacring the Cambodian nation and people, or should it pursue a new policy; that is, to end the communist Vietnamese war and stop giving aid to the two-headed traitors and stooges of the communist Vietnamese, which is resolutely rejected and opposed by the entire Cambodian nation and people?

The people, public opinion, the Congress, and the press in the United States and the press in many other Western countries have demanded that the United States and the alliance suspend aid to the two heads and the communist Vietnamese puppets. This constitutes

growing pressure on the Clinton administration to cut aid to the two heads, particularly at a time when the United States is experiencing a serious economic-financial and budgetary crisis.

[Correspondent] Recently, Hun Sen — the top goon of the communist Vietnamese — publicly invited people to set up political parties in preparation for the 1998 elections. In making this invitation, what objective do you think Hun Sen had in mind?

[Mak] Yes, Hun Sen invited people to form parties, but do you think the communist Vietnamese and their puppets really want Cambodia to have democracy, pluralism, rights, freedoms, and self-determination? Is it merely a trick to kill more people — more Cambodians who are honest and nationalist-minded; those who refuse to be communist Vietnamese puppets and lackeys?

The situation is as clear as daylight. No one has any illusions. The entire Cambodian people as well as people the world over clearly see that in Cambodia the king's institutions, the monarchy, the Constitution, and so on are only on paper. They wield no power at all. The power and prerogatives are all in the hands of the Vietnamese Communist Party and the communist Vietnamese puppet regime. There is no king as such because they can do whatever they want with the king. They have been very dictatorial and fascist toward the king. They rejected Sam Rangsi's request to set up a political party, but they accepted Ieng Muli's party. When His Excellency Son Sann held a party congress, they fired at it, threw grenades at it, and suppressed it. They also jailed and exiled Prince Sirivut.

Now Hun Sen has announced that people are allowed to set up parties openly. This is not an ordinary maneuver. It is a maneuver to kill others; to lure others into exposing themselves and getting killed. A political party must have at least 5,000 members. The communist Vietnamese and their puppets will have a field day filtering, screening, and selecting whoever they can buy and win over to their side and targeting those they must destroy. They will not have to exile them like Prince Sirivut; they will swiftly eliminate them on the spot. In other words, if Hun Sen makes a ballyhoo about the 1998 elections now it is merely a trick of the communist Vietnamese to bag Cambodians and throw them into their fold or under their guillotine. Those that will be thrown into their fold are people like Ranariddh and Ieng Muli; those that will go under the guillotine are people like Prince Sirivut, Sam Rangsi, and [late MP] Meas Chanleap.

All of this falls under the Indochinese Federation strategy of the communist Vietnamese; that is, their

strategy of swallowing up Cambodia and turning it into a second Kampuchea Kraom [former Cambodian territory now part of Vietnam]. This strategy remains unchanged. The tactics also remain unchanged. When they want to split other people's heads, the communist Vietnamese use Hun Sen as a front. When they want to get aid, they use Ranariddh as a front. Our national forces must look at this issue squarely and see through it. The communist Vietnamese and their puppets are trying to dupe our national forces into their fold and under their guillotine.

Our entire nation and people at home and abroad see through this fallacy and choose the path of struggle. Those in urban areas as well as those in rural areas and overseas have joined forces in the struggle in a bid to terminate the communist Vietnamese war and the their puppet regime, to bring about genuine national reconciliation and peace, and to see to it that the 1998 elections are held democratically and freely with people truly enjoying their right to self-determination and not joining any fraudulent election under the dictatorial and fascist regime of the communist Vietnamese.

Sihanouk Says Queen Not To Succeed as Monarch

BK0601084896 Hong Kong AFP in English
0536 GMT 6 Jan 96

[FBIS Transcribed Text] PHNOM PENH, Jan 6 (AFP) — Cambodia's King Norodom Sihanouk on Saturday moved to end speculation that he wants his wife to succeed him as monarch, saying she is ineligible for the throne and would not want the job.

"My wife, Queen Norodom Monineat Sihanouk, will never accept to be a reigning sovereign supposing that her 'supporters'.. fought' for her to become a reigning queen," the king said in a statement released by the palace.

The king was reacting to speculation in Phnom Penh that his recent decree elevating the queen's title to "supreme wife" was an indication that he wanted her to succeed him.

The king noted that Cambodia's constitution requires a throne council to elect his successor must be descended from royals and that his wife, the former Monique Izzi, a commoner, did not meet that qualification.

King Sihanouk added that he did not wish to amend or modify the constitution as it relates to the monarchy and the election of the king.

The queen's new title, which in the language of the Cambodian royal court means she is capable of reigning after the death or abdication of the king, was seen by

many in the capital as an indication of the king's choice of a successor.

The king has frequently brushed aside criticism of his actions by suggesting that if he abdicated there was no Cambodian prince suitable to replace him. In the past two years, two possible heirs to the throne have been exiled to France.

In July, 1994, Prince Norodom Chakrapong, one of the king's five surviving sons, was exiled for his role in an aborted coup attempt and last month, Prince Norodom Sirivut was banished for allegedly plotting to assassinate co-Premier Hun Sen.

Despite the shrinking pool of candidates for the throne and the king's apparent unease about the remaining royals, the 73-year-old monarch insisted that the queen could not and would not succeed him.

"After my current reign, my wife will be simply 'the widow of N. Sihanouk'," the king said.

Separately, the state news service, Agence Khmere de Presse (AKP) reported Saturday that the king will leave Cambodia for Beijing on January 21 for a medical check-up.

King Sihanouk, who maintains a residence in the Chinese capital, said he would return to Phnom Penh as soon as possible if the results of his check-up are good.

The king, who has been treated for cancer and high blood pressure in Beijing, was recently diagnosed as having diabetes.

Indonesia

Suharto Endorses Law on Small-Scale Enterprises

BK0801111896 Jakarta THE JAKARTA POST
in English 29 Dec 95 p 9

[Unattributed report]

[FBIS Transcribed Text] Jakarta (JP) — The long-awaited bill on small enterprises was passed into law by President Suharto yesterday.

"With the law we now have the legal base to empower small-scale enterprises to become more independent and more powerful to meet global competition," Minister of Cooperatives and Small Enterprises Subiakto Cakrawardaya said here yesterday.

He reported that the current number of small businesses in the country is 33.4 million, including 44,379 cooperatives.

The new law defines small enterprises as those with assets of no more than Rp [rupiah] 200 million (about U.S.\$87,000), excluding buildings and land, and with annual sales revenues of up to Rp 1 billion. It also specifies small enterprises as those owned by Indonesian citizens and not affiliated to bigger companies.

The law also mandates the cooperation of large companies in helping small enterprises to become medium-scale businesses, Subiakto said.

He said that the government will soon issue related regulations to complement the law which was endorsed by the President on Tuesday to take effect immediately.

The date of the endorsement coincided with President Suharto's 48th wedding anniversary.

Subiakto acknowledged that the crucial problems faced by small businesses are mostly related to access to market and capital sources.

He said that next year he will promote the development of entrepreneurship among cooperatives and small businesses, which are expected to become pillars of the country's economy.

He added that the ministry hopes to promote the growth of at least 50,000 small businesses next year.

Military Confirms Kidnapping in Irian Jaya

*OW1101132296 Tokyo KYODO in English
1142 GMT 11 Jan 96*

[FBIS Transcribed Text] Jakarta, Jan. 11 KYODO — The Indonesian Armed Forces (ABRI) on Thursday [11 January] confirmed reports that 24 Indonesians and Europeans have been kidnapped by separatist rebels fighting the government in Irian Jaya province.

A military official, who asked not to be named, told KYODO News the kidnapped group consists of 17 Indonesians and seven foreigners.

He quoted a statement to be released soon by ABRI Spokesman Brig. Gen. Suwarno Adiwijoyo as saying the kidnapping occurred at 10:00 A.M.(03:00 GMT) Monday.

According to the official, the people were attacked and captured by 200 separatist rebels of the Free Papua Movement when conducting a research expedition in Irian Jaya, bordering on Papua New Guinea.

The official said four of them are British — Daniel Start, 21, William P. Oates, 22, Annette Van Der Kolk, 21, and Anna McIvor, 20.

According to Teguh Hartono, a staff member of the Jakarta-based Biological Science Club, the four Britons are graduates of Cambridge University and were con-

ducting the expedition with members of the World Wide Fund for Nature (WWF), government officials and local residents in the village of Mapunduma in Jayawijaya Regency.

The official also named the three other foreigners — Frank Momberg, a German, and Mark Van Der Wal and Martha Klan, both Dutch nationals. The three are WWF staffers, he said.

He also said that four of the kidnapped Indonesians — Navy Panekenan, 27, Yosias Lasemahu, 29, Adpnda Saraswati, 24, and Jualita Tanasale, 29 — are members of the science club.

The others are Markus Watipi, a lecturer at Cendrawasih University in the Irian Jaya capital of Jayapura, his student Mathios Kainon, local forestry officials Abraham Wangai and Benny Saroy, Indonesian Science Foundation Member Jacobus, local village head Alex Nuvigi, and local residents Philipus Weseirak and Isac Weseirak.

The rest are staffers at the local health center — Lewi, Marthavina, Nafali Wanebo and Marthin Wiyangge — and local church figure Zakeus Elopere.

The official said the ABRI has formed a team consisting of about 300 soldiers to catch the kidnappers before they reach the border.

The Free Papua Movement has conducted an intermittent armed and political struggle against Indonesian control of Irian Jaya, which was ceded to Jakarta by the Netherlands in 1963.

East Timorese Women Seek Asylum in Australia

*LD1001150896 Melbourne Radio Australia
in English 1400 GMT 10 Jan 96*

[FBIS Transcribed Excerpt] In Jakarta, two East Timorese women have asked for asylum after entering the Australian Embassy. Embassy spokesman John (Milnes) says the two are being treated accordingly, but declined to give further information. Since last September a total of 43 East Timorese youths have left for asylum in Portugal after entering four foreign missions in Indonesia. [passage omitted]

Philippines

Manila Tightens Security at APEC Meeting

*BK0801041696 Quezon City Radio Filipinas
in English 0230 GMT 8 Jan 96*

[FBIS Transcribed Text] Police intelligence agents are tracking down five suspected foreign terrorists as a four-day ministerial meeting of the Asia-Pacific Economic

Cooperation [APEC] starts in Manila today. It is not clear if the five foreigners, believed to have arrived in the country in 1994, were part of a terrorist group reportedly planning to disrupt the APEC summit at the Subic Free Port in November. But sources at the PNP [Philippine National Police] Intelligence Command and Security Command said the foreigners' leader had been in close contact with the group of Ramzi Ahmad Yusuf before he was arrested in Pakistan in March. Yusuf has been linked to a plot to assassinate Pope John Paul II during his visit to Manila last January and the bombing of a Philippine Airlines flight to Japan in October 1994.

Security has been tightened at the Philippine International Convention Center (PICC) and the Manila Hotel where some 150 officials from 18 APEC member countries are to attend a ministerial meeting on human resources development. Senior Superintendent Victor Tiangco, director of the PNP Security Command, said at least 200 policemen from his command will act as close-in security to the delegates. Hundreds of Western Police District Command personnel will direct traffic and secure the perimeter of the PICC and the Manila Hotel.

The five suspected terrorists are believed to be members of the (Hezb-i-Dawa Al-Islamiya), or Islamic Preaching Group, a radical Islamic fundamentalist organization loosely referred to as the Ali Movement.

Ramos Admits Threat, Assures APEC Delegates

BK1001120796 Hong Kong AFP in English
1137 GMT 10 Jan 96

[Report by Martin Abbugao]

[FBIS Transcribed Text] MANILA, Jan 10 (AFP) — Philippine Interior Secretary Rafael Alunan Wednesday gave an assurance maximum security would be provided for four Western ambassadors reportedly targeted for assassination by foreign Muslim radicals.

"It is our obligation to them, so whether or not there is a threat we are providing maximum security for these people," said Alunan, whose office supervises the Philippine National Police.

Police intelligence reports this week disclosed that members of a terrorist group called Hezpel Dawah Al Islamiah had slipped into the country and planned to kill the envoys of Australia, Britain, New Zealand and Spain.

It was not known why these four were singled out.

Reports of the plot prompted Australia and New Zealand to increase security around their envoys here. Spokesmen

from the British and Spanish embassies were not available for comment.

Acting Foreign Minister Bob McMullan said in Canberra on Wednesday that Australian envoy Richard Smith would remain in Manila despite the threats but that security around him would be boosted.

In Wellington, New Zealand Foreign Minister Don McKinnon said "appropriate measures" had been taken to protect its ambassador Colin Bell.

The Hezpel Dawah Al Islamiah has existing cells in Britain, Pakistan, Australia, New Zealand, Iraq, Lebanon and in other countries, police said, but did not say where it is based.

President Fidel Ramos on Wednesday said the threat by international terrorists in the Philippines was real, but gave an assurance that delegates to the Asia-Pacific Economic Cooperation (APEC) forum here in November that they would be secure.

"The threat is there," Ramos said, pointing to the arrest in a crackdown late last year of 35 men bearing Middle Eastern and Pakistani passports suspected of plotting terrorist acts or of setting up an international terrorist base here.

He said their arrest, as well as the recovery of explosives and bomb making devices was "evidence of the very bad intentions of these people."

Ramos stressed that "no one need be apprehensive about the security of the personalities, the venues and other things related to APEC."

The summit, to be attended by the leaders of 18 Pacific rim countries, including Japan and the United States, will be held at the former US naval base in Subic Bay northwest of the capital which Manila is turning into a free port and industrial zone.

Ramos pointed to the arrest of suspected terrorist Abdul Hakim Murad during a raid on a Manila apartment four days before the arrival of Pope John Paul II on January 12, 1995.

This led to the discovery of a plot to kill the pontiff, Ramos and his top generals and a plan to bomb US airlines from Asia.

Two others — Ramzi Yusuf and Wali Khan Amin Shah — who were with Murad at the apartment but escaped, were later captured in Pakistan and Malaysia, respectively, last year with the help of information given by Manila.

All three have been extradited to the United States where they face charges tied to the 1993 World Trade

Center bombing in New York and the plot to bomb US airliners.

Crackdown Against 'Foreign Extremists' Ordered

*BK1001041396 Quezon City Radio Filipinas
in English 0230 GMT 10 Jan 96*

[FBIS Transcribed Text] President Ramos has ordered an intensified crackdown on foreign extremists in the country. These persons are believed involved in worldwide efforts to turn the Philippines into an international base from which to launch terrorist attacks. In yesterday's cabinet meeting, the president directed Defense Secretary Renato De Villa to carry out sustained internal security operations against the group. DILG [Department of Interior and Local Government] Secretary Rafael Alunan briefed the president that the suspected foreign terrorists arrested recently are part of Islamic fundamentalist efforts to set up a base of operations in the Philippines.

Police have already arrested 35 alleged militants believed involved in plot to carry out bomb attacks and disrupt the APEC [Asia-Pacific Economic Cooperation] leaders' summit later this year. Twenty-seven of the suspects now in custody were arrested in raids in Metro Manila recently. They carry Pakistani, Sudanese, Iraqi, and Saudi passports.

Ramos Pardons PRC Fishing Boat Captains

*BK0801045096 Manila BUSINESS WORLD
in English 8 Jan 96*

[From the "NewsBriefs" column — received via Internet]

[FBIS Transcribed Text] President Ramos, in a "gesture of magnimity and goodwill" towards the People's Republic of China, granted absolute and unconditional pardon to four Chinese fishing boat captains who were convicted by local courts of illegal entry last year.

The four captains were arrested March last year along with 58 other Chinese fishermen when they were caught fishing near the Alicia Annie Shoal in the Kalayaan which is part of the disputed Spratly Island Group.

The four captains were previously found guilty of illegal entry by a Palawan municipal trial court and each slapped with a 10-month prison term and a P [pesos] 1,000 fine.

Some Embassies Alerted of Possible Retaliation

*BK0901114996 Manila BUSINESS WORLD
in English 4 Jan 96 p 8*

[FBIS Transcribed Text] The government has alerted Philippine Embassies in various countries of possible

retaliation from a group of foreign terrorists due to the arrest of its members and ranking officers, a Camp Crame source said yesterday.

At the same time, he said a London-based transnational terrorist cell has taken over control of terrorist activities in Manila by coordinating with elements of the Al Harakat-Al Islamiya (AHAI) and the Muhajir Qaumi Movement (MQM), known to have links with convicted terrorist and New York World Trade Center bomber Ramzi Ahmad Yusuf.

A police official involved in counterterrorism operations said the government had issued a warning on Philippine embassies in Pakistan, Iraq, London, Cairo (covering Sudan) and Bangladesh (covering Jordan) among others, to be wary of extremist groups out to launch retaliatory attacks for the arrest of their fellow terrorists.

LEADER HUNTED

He also said intelligence teams of the Philippine National Police (PNP) and the Armed Forces of the Philippines (AFP) are on the lookout for an Iraqi national suspected to be the leader of 15 suspected terrorists in the hands of authorities, adding they are expected to fall in a week. "The arrested suspects have been here (Manila) for a long time but their leader has been here only for a few months," he said.

He described the Iraqi national as a hitman as well as a surveillance and bombing expert. The suspect allegedly headed the meeting held in Manila last November attended by at least 14 extremist leaders from various countries and a representative of Abu Sayyaf chief Ustadz Abubakar Abdurajak Janjalani based in southern Philippines.

Interrogation of 15 arrested suspects revealed the London-based group, whose name authorities refused to reveal, had plotted to assassinate President Ramos, AFP Chief Gen. Arturo Enrile, Interior and Local Governments Sec. Rafael Alunan, and police chief Director General Recaredo Sarmiento. For the president alone, it took the suspects five months to build up intelligence information, the source said.

During the trial of Mr. Yusuf last year, the U.S. Federal Bureau of Investigation said his group is planning to assassinate Mr. Ramos and make Manila his base.

LINKS CONFIRMED

The source confirmed the AHAI, MQM, the London-based group, and remnants of Mr. Yusuf's group have links to one another.

He added suspected foreign terrorists have been visiting Abu Sayyaf lairs in the south and were on several

instances seen supplying arms to the local extremists. The suspects can easily get out of the country using the southern backdoor but intelligence reports say they are still in Metro Manila, he said.

Foreign Envoys Increase Security Due to Threat
BK1001073596 Hong Kong AFP in English
0732 GMT 10 Jan 96

[FBIS Transcribed Text] Canberra, Jan 10 (AFP) — Australia and New Zealand are to step up security around their ambassadors in the Philippines following revelations that they are among four foreign diplomats targeted by a radical Islamic group, senior ministers said Wednesday.

In the Philippines, police are seeking members of the Hezpel Dawah Al Islamiah group allegedly behind a plot to assassinate the ambassadors of Australia, Britain, New Zealand and Spain.

Acting Foreign Minister Bob McMullan said Australian envoy Richard Smith would remain in Manila, but he indicated security at the Australian embassy would be increased.

"I'm constrained in what I can say about it, but of course we're concerned personally in regard to Mr Smith and we'll seek to ensure his security," McMullan told reporters.

"We are seeking to do everything to protect Mr Smith's legitimate rights to security as an Australian citizen as well as our ambassador and we will do that, but we won't be withdrawing," the minister said.

In Wellington, New Zealand Foreign Minister Don McKinnon said "appropriate measures" had been taken to protect its ambassador Colin Bell in Manila.

"It has been a cause of concern to us and we have taken the appropriate measures. It is still an issue. We still have to be worried about it and we certainly are concerned about the safety of all of our staff," he said on Radio New Zealand.

Bell has also refused to comment, other than to say he had been aware of the allegations "for some time".

"It is normal for our posts to take such things into account and be in touch with the relevant local authorities," the New Zealand Press Association quoted him as saying.

Five Hezpel Dawah Al Islamiah members this week eluded a Philippines police dragnet which since December has led to the detention of 35 suspected terrorists, mostly with Middle East or Pakistani passports.

Visa Restrictions Announced To Curtail Terrorists
BK0801120096 Hong Kong AFP in English
1141 GMT 8 Jan 96

[FBIS Transcribed Text] MANILA, Jan 8 (AFP)—The Philippine authorities have launched a manhunt for five members of a radical Islamic organization that allegedly plotted to assassinate foreign diplomats, police sources said Monday.

The five Hezbe-i-Dawa Al-Islamiya members have eluded a police dragnet which led to the detention of 35 suspected terrorists, mostly bearing Middle East or Pakistani passports, since last year. Five have been charged with illegal possession of explosives and bomb-making equipment.

Philippine National Police Intelligence Command sources said the five being sought are led by Iraqi Bashar Habib, who the sources described as an explosives expert. The names of the four other suspects were not disclosed.

The sources said the Hezbe-i-Dawa group hatched a plot to assassinate the ambassadors to the Philippines of Australia, Britain, New Zealand and Spain shortly after it set up a Philippine cell in 1992.

The group's membership also includes Lebanese, Palestinians, Bangladeshis and Shia converts, they added.

Philippine police chief director-general Recaredo Sarmiento declined to comment on the information, saying only that the anti-terrorist campaign was continuing.

"We could only surmise that the foreign terrorists are here to train local Muslim fundamentalists since it is open knowledge that some Abu Sayyaf members also fought in Afghanistan," Sarmiento told reporters.

The Abu Sayyaf, a radical offshoot of a failed separatist Muslim rebellion in the southern Philippines, is engaged in bombings and ransom kidnappings of Christian targets in the region.

Meanwhile, the government on Monday announces more new visa restrictions aimed at curtailing the movement of international terrorists.

Tourist visa applicants will be given a minimum of 30 days but not more than six months, Bureau of Immigration commissioner Leandro Verceles told reporters Monday.

The visas of tourists who have stayed in the Philippines for more than a year will no longer be renewed, he added.

All tourists were previously given 59-day extendable visas.

The measures are necessary "to discourage tourists who enter the country from engaging in activities other than tourism and sight-seeing," he added.

However, the rule announced Monday excludes nationals from a list of 10 "high-risk" countries. Vercelas said last week that these visitors will only be given a maximum 30 days with extensions to be decided at his discretion.

Informed sources said the list includes China, Iran, Iraq, Jordan, Libya, Palestine and Pakistan.

Further on Intensifying Antiterrorist Efforts

BK1001042196 Manila MANILA BULLETIN
in English 10 Jan 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] President Ramos ordered Defense Secretary Renato de Villa yesterday to intensify the government drive against terrorists and insurgents following reports that suspected foreign terrorists arrested in the country are part of a global plot to sow terror.

The president also ordered De Villa to speed up the modernization of the Armed Forces of the Philippines (AFP) after Interior and Local Government Secretary Rafael Alunan III reported that the 35 terrorists nabbed by government operatives in a series of raids belong to a worldwide movement to establish bases of operations from which to launch terrorist attacks.

Alunan said that these terrorists are bent on sowing discontent among various communities against the established government.

"Those arrested were suspected to be part of a worldwide extremist movement that is trying to establish a base in many countries, including the Philippines," he pointed out.

Alunan said that the government, principally the military and the police, has never let up its efforts to spot and smash any attempt by local and foreign terrorist groups to create a climate of fear in any part of the country.

The arrest of Abdul Karim Murad in Manila and Ramzi Ahmad Yusuf in Pakistan, according to Alunan, led to the discovery of a terrorist cell operating in Metro Manila composed of both international and local terrorists.

Yusuf is now indicted for his complicity in the World Trade Center bombing in New York in February 1993. The arrest of Murad subsequently led to the foiling of

the terrorist plot to assassinate Pope John Paul II in January last year.

On instructions of the president, Alunan said that various government agencies are involved in a synchronized effort to establish and strengthen a cooperative campaign with other countries to curb international terrorism.

"Our coordination at the international level with counterparts in Pakistan, Egypt, Israel, and the United States laid the groundwork for the formal exchanges of information and representatives," he added.

Last Jan. 2, six foreigners holding Pakistani passports were arrested in Makati City by police authorities, bringing to 35 the number of foreign nationals apprehended since January 1995 for alleged terrorism activities.

Alunan informed the president that the capture of the suspected terrorists was the result of "painstaking surveillance" and covered by appropriate warrants of arrest issued by the courts.

"We are not harassing anybody," Alunan stressed, adding that government prosecutors are now evaluating evidence preparatory to the filing of appropriate charges against those arrested.

Torture? [subhead]

Sen. Blas Ople said yesterday that he will ask the Senate committees on national defense, foreign relations and peace and order to include in the agenda of the next hearing on terrorism the reported torture of suspected Pakistani terrorist Raza Ur Rashjid Hash Mi by government operatives.

Ople said that there is a need to look deeper into the report, considering that the Commission on Human Rights (CHR) has cited the Philippine National Police (PNP) for being the foremost violator of human rights.

Noting that some of the arrested Pakistanis have been in the country for five years, Ople also urged that the Senate inquiry "should look deeper into this alleged terrorism plot."

He added that he will ask the Bureau of Immigration (BI) to furnish the Senate with factual information on the background of the alleged terrorists.

Ople cited media reports on the complaints of Hash Mi's three brothers that the suspected terrorist had been tortured to extract information from him.

"There is a need to clear the air regarding these allegations before the Senate embarks on a law that would allow government agencies to wiretap communications

and have access to bank accounts of suspected terrorists," Ople said.

He added that this will also enable the public to decide whether it should support the proposed wiretapping measure.

Soldiers Kill 10 Suspected Muslim Kidnappers

BK0701120896 Hong Kong AFP in English
1201 GMT 7 Jan 96

[FBIS Transcribed Text] LAKE SEBU, Philippines, Jan 7 (AFP) — Army troops pressed their pursuit Sunday of Muslim extremists blamed for kidnapping three Philippine-born US citizens and 10 others after killing 10 of the suspects in a gun battle here, a senior army commander said.

Brigadier General Raul Urgello, chief of the Sixth Infantry Division, said an army battalion and two helicopters were being used in the operation in the hinterlands of Lake Sebu town, South Cotabato province.

Troops raided a house where the suspects were resting at dawn Sunday in Klube outside this southern town on a tip off by residents, killing 10 members of the Islamic extremist group Abu Sayyaf, Urgello said.

Three Abu Sayyaf gunmen were captured and five others were wounded in the firefight, the military said. There were no government casualties. Troops also recovered three firearms from the slain Muslim gunmen.

Army troops on New Year's day launched a hunt for the kidnappers, a day after they freed their hostages in exchange for pledges of a school and land for local Muslim residents.

Heavily armed Abu Sayyaf gunmen originally kidnapped 19 people on December 27 while they were having a picnic at Lake Sebu, a resort town famous for its natural springs about 980 kilometers (612 miles) south of Manila.

Two escaped and four were freed to relay a demand for a 1.5 million peso (\$7,000-dollar) ransom. The 13 hostages, including six children and three Filipino-Americans who had come to visit relatives on Christmas, were freed on December 31.

Officials said no ransom was paid but one of the captured extremists, Fernando Lingasa, said in an interview with radio station DZXL on Sunday that his group was paid one million pesos (38,000 dollars) by the family of one of the captives.

The Abu Sayyaf has been blamed for a series of anti-Christian bomb attacks and kidnappings in the south since 1992, including a raid on the southern town of Ipil in April 1995 in which they killed 53 people.

President Fidel Ramos has linked the group, believed led by young Islamic militants trained in Afghanistan and the Middle East, to international terrorist cells.

Operation Against Muslim Extremists Continues

BK0901105296 Hong Kong AFP in English
1045 GMT 9 Jan 96

[FBIS Transcribed Text] LAKE SEBU, Philippines, Jan 9 (AFP) — Philippine army helicopter gunships on Tuesday attacked a mountain village in a major operation against Muslim extremists who kidnapped 19 people, including three US citizens, a general said.

Brigadier General Raul Urgello said an estimated 100 Abu Sayyaf group guerrillas were firing back at the helicopters, which pounded the village of Klobe in the southern Philippines with rockets to prepare the way for an assault by ground troops.

Two decomposing corpses of the gunmen were recovered Monday, bringing to 12 the number of Abu Sayyaf militants killed in the offensive, which began on New Year's Day just after they freed their hostages.

Abu Sayyaf gunmen kidnapped 19 people at a picnic in Lake Sebu, a natural spring resort, on December 27. Two escaped and four were released to relay a 1.5-million-peso (\$57,000) ransom demand.

The rest of the hostages, including six children and three Philippine-born US nationals, were released on New Year's Eve.

Abu Sayyaf Members Involved in Kidnappings Killed

BK0801012896 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 7 Jan 96

[FBIS Translated Text] Seven Abu Sayyaf members were killed, five wounded, and three arrested by government soldiers during a bloody encounter. According to initial reports from the Southern Command, the rebels encountered by the Army were involved in the kidnapping of 20 people, including four Americans, last 27 December. The rebels reportedly demanded P [pesos] 1 million in ransom for the hostages. The report added that the military encountered 60 rebels yesterday [7 January] near Lake Sebu in South Cotabato. No casualties were reported on the military side. The rebel leaders were identified by the names Commander Daibi Amin and Banat. The Army unit involved in the encounter belongs to Task Group Panther of the 6th Infantry Division headed by Lieutenants Iletto and Murilla. The soldiers were also able to confiscate three weapons.

Thailand

Former MP Thanong Appeals Extradition Order

BK1001014996 Bangkok BANGKOK POST
in English 10 Jan 96 p 6

[Unattributed report]

[FBIS Transcribed Text] Thanong Siriprichaphong yesterday asked the Supreme Court to overrule the Appeals Court's decision to extradite him to America to stand trial on drug charges.

The former Chat Thai MP for Nakhon Phanom argued in his appeal that the Appeals Court's verdict was unconstitutional.

The suit, which concerned the Extradition Act, was not about criminal offences and therefore was not within the authority of either the Criminal or the Appeals courts to hear, he held.

On December 26 the Appeals Court upheld the Criminal Court's ruling for Mr. Thanong to be sent to the US to fight charges of marijuana trafficking. The decision was considered definite.

But Mr. Thanong yesterday requested the right to appeal to the Supreme Court.

He countered that the Appeals Court's verdict violated principles in the Constitution banning the deportation of a Thai national.

If there was substantial evidence proving the guilt of a Thai defendant, that person must be tried in a Thai court and could not be sent to another country, he said.

The Appeals Court did not base its consideration on the 1929 Extradition Act. Rather, it focused on translating the Thai-US Extradition Treaty, the contents of which contradict the Constitution, he argued.

He said the 1929 Extradition Act prohibited extradition of Thai citizens to face charges in other countries.

Mr. Thanong also claimed that the evidence against him was poor.

Since the Cabinet had not yet resolved to extradite him to the US, the court's hearings in the past should not be allowed, he said.

Mr. Thanong asked the Supreme Court to revoke the Appeals Court's verdict on his extradition and free him.

His appeal was accepted by Criminal Court Chief Justice Samakkhi Manirat.

The Foreign, Interior and Justice ministries, the Police Department and the Criminal Court have been working on the procedures for sending Mr. Thanong to the US.

The extradition must be completed within three months of the court handing down its ruling (which it did on December 26), or Mr. Thanong must be released.

Cambodian Troops Ordered To Leave Territory

BK0901064796 Bangkok BANGKOK POST
in English 9 Jan 96 p 6

[Unattributed Report]

[FBIS Transcribed Text] Nam Yun, Ubon Ratchathani — Some 250 Cambodian soldiers involved in a new military drive to dislodge the Khmer Rouge from their stronghold at An Ma Pass were ordered to leave Thai territory yesterday.

Col Nippon Siriphon, 6th Infantry Regiment commander supervising security along the border with Cambodia, said Thai security forces fired artillery shots to warn Cambodian soldiers that they had encroached into Thailand and must withdraw.

The commander said Cambodian troops were initially reluctant to withdraw after the Suranari Task Force representatives informed they had entered Thailand.

About 200-250 Cambodian troops had penetrated about one kilometre deep in to Thai territory on Sunday night near Hill 527 and 522, about a kilometre east of An Ma Pass, he said.

"They are likely to retake the pass if they could launch their military assault from the Thai side," commented one senior army officer in the Suranari Task Force.

An Ma Pass straddles the Thai-Cambodia border between Preah Vihear's Chom Khsan district and Ubon's Nam Yun district.

The pass has been under Khmer Rouge control since last July and Cambodian forces have tried several times to recapture it.

Col Nippon said all Cambodian forces near Hill 664 were forced to withdraw from Thai territory yesterday morning.

Lt-Col Muon Horn, a senior Cambodian soldier, said the encroachment was unintentional and was caused by poor border demarcation.

His forces only entered Thailand because they got lost after engaging the Khmer Rouge, he said.

Col Nippon said he was not worried over security in the area, because the Surannari Task Force can control the situation.

The latest round of fighting started on January 4, after Cambodian forces used artillery to pound the Khmer

Rouge base which is located near the Thai forward military-outpost of Thepsathit.

The army colonel said foreign forces would not be allowed to set up a base on Thai territory.

Commander: Situation 'Normal' on Burmese Border

BK0701132296 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 7 Jan 96

[FBIS Translated Text] According to Wirot Prakopphibun, Channel 9 reporter in Mae Ai District, Chiang Mai Province, Thai forces continue to position themselves along the Burmese border in Mae Ai District, Chiang Mai Province. In some areas, Thai and Burmese soldiers are less than 1 km apart. Thai forces have been reinforced with recoilless rifles, mortars, artillery pieces, and antiaircraft guns.

Thai Rangers from the Pak Thong Chai camp have set up a combat support unit armed with mortars at Pang Tondua school, which has been ordered closed for more than a week. The unit is about 5 km from the Khun Sa base that was taken over completely by Burmese soldiers. The Burmese forces have a terrain advantage because their position is on higher ground, while Thai forces are located on Doi Lang, the highest point in Thai territory. Doi Lang is a major defense point for Thailand. As negotiations on the border problem continue, Thai forces are on the alert to deal with any change in the situation. There has been no report on any fighting in Burma at this time.

Meanwhile, the supreme commander has said that Thai forces will not be withdrawn from the border until the all of the Burmese forces are pulled back. Supreme Commander General Wirot Saengsanit said before departing for an inspection trip to the Burmese border that he has no confirmed report about Khun Sa's surrender. He said the border situation has returned to normal, as half of the Burmese forces have been withdrawn from the border. The intention of the remaining forces is to prevent Khun Sa forces from fleeing to Thailand.

[Begin recording] [Wirot] I believe the Burmese forces are in the area basically to prevent Khun Sa's forces from fleeing to Thailand. They are not there to confront Thai soldiers.

[Unidentified correspondent] The overall situation has improved. Is this correct?

[Wirot] The situation is normal. Each side has deployed its forces to test the cold weather, that is all.

[Correspondent] Can our forces be withdrawn now that the situation has improved?

[Wirot] No, not until all of the Burmese forces are withdrawn. [end recording]

Kayah Forces Said Resisting Burmese Troops

BK1001081096 Bangkok Radio Thailand Network in Thai 0530 GMT 10 Jan 96

[FBIS Translated Text] A public relations official from Mae Hong Son Province, reporting on the situation along the Thai-Burmese border in Mae Hong Son Province, has said that the Kayah ethnic force has not yet given up to soldiers of the Burmese Government.

At 0445 on 9 January 1996, the Burmese Government force launched attacks on the strongholds of the Kayah armed forces in the passes of Ban Tha Na Khwai and Ban Mai Nai Soi, which are only about 500 meters from the Thai border. Reports on casualties are not available because the inspection of the site is impossible as the situation is still crucial. Burmese soldiers are still unable to get to the Ban Tha Na Khwai base because the strongholds of the Kayah forces are in advantageous positions.

Khae Fairaksa-ngop, headman of Village 13, Ban Doi Saeng, Tambon Bang Pu, Muang District, Mae Hong Son Province, said that the current border situation has caused great fear among the villagers due to the continued fighting by both sides. At the same time, Ban Doi Saeng villagers are packing their belongings so as to be ready to move out at any time.

However, Thailand has been dispatching its military forces, Police Border Patrol Unit 336, and territorial defense volunteers to reinforce the operations base in Ban Doi Saeng.

Police Issue Arrest Warrants for Khun Sa

BK0901144896 Bangkok Radio Thailand Network in Thai 1200 GMT 9 Jan 96

[FBIS Translated Text] Police General Phot Bunyachinda, director general of the Police Department, reported that the police have already issued an arrest warrant for Khun Sa, who is charged with narcotics trafficking. Police have issued arrest warrants for 20 people, including Khun Sa himself. Police have already taken 11 of them into custody. He said Khun Sa and his men face immediate arrest if they flee into Thailand. Asked what the next step would be in dealing with Khun Sa, the police chief said it depends on the details of the law, because Khun Sa is a major drug offender. The court will have to make a final ruling as to whether he should be tried under the laws in Thailand or should be sent to either the United States or Burma.

The police chief said the Police Department has forwarded all the files on these people to the Armed Forces, asking for assistance in their capture.

Effect of Khun Sa Surrender on Drug Production

BK0901132496 Bangkok PHUCHATKAN in Thai
9 Jan 96 pp 1, 2

[FBIS Translated Excerpt] Indochina/Regional Center — [Passage omitted on Burmese TV report on surrender of Khun Sa's soldiers at Ho Mong] A Thai security source stationed in Mae Hong Son Province told PHUCHATKAN that on 26 December Khun Sa ordered the closure of his 13 heroin refineries outside Ho Mong in preparation for the inspection by nine Burmese high-ranking military officers scheduled to take place on 30 December.

Some of the 13 refineries, operated by Haw chemists, are located in the vicinities around the Ho Mong stronghold of Doi Sanklang, Nong Pladam village, and Pha Phuak village. The others are located at Huai Po, Huai Lin, and Huai Lai in Doi Lang region adjacent to the area under the red Karen's control and Mae O village in the south of Ho Mong. The last refinery is located at Khai Luang village opposite Pang Mapha Subdistrict of Mae Hong Son Province.

The source said that the objective of the closure of Khun Sa's heroin refineries was to show his sincerity toward the Burmese Government and his willingness to comply with the agreement that his representatives had signed earlier with Rangoon.

As requested by the Burmese Government, the inspection of Khun Sa's heroin refineries by the SLORC [State Law and Order Restoration Council] representatives who were accompanied by Muang Tai Army's officers was recorded on videotape for the U.S. Drug Enforcement Agency.

However, other refineries, including those producing amphetamine in the mountainous areas of the Shan State, are still operating as normal.

Phayon Phansi, deputy secretary general of the Office of Narcotics Control Board [ONCB], said that despite Khun Sa's surrender to the Burmese Government, other breakaway groups will continue their production of narcotics.

Phayon noted that the continuation of the fighting between the Burmese Government and rebellious minority groups will force the latter, including Khun Sa's breakaway factions, to disperse in different areas, which is likely to make the suppression operation more difficult.

He said: "I will bring this matter for discussion with the Ministry of Foreign Affairs so that we can seek cooperation from the Burmese Government."

The deputy ONCB secretary general anticipated that drug suppression cooperation with Burma would increase after the country becomes an ASEAN member because all countries are aware of the danger of narcotics.

International cooperation is now more necessary as the improvement of communications has greatly facilitated drug trafficking activities of various crime syndicates.

Phayom added that the quantity of narcotics that will flow to Thailand this year will decline by 50 percent due to the improvement of stability in the producing country and increase in international suppression cooperation. More importantly, the smuggling route will be diverted to China. However, he believed that narcotic production will increase because the Burmese ethnic groups need money to feed their armies. [passage omitted]

Somkiat Osotsapha, director of Chulalongkon University's Indochina and Southern China Project, said to PHUCHATKAN that Khun Sa's surrender to the Burmese Government was only the exchange of benefits between Khun Sa's group and the Burmese regime and would not have any significant effects on the general situation in the Shan State because Khun Sa's influence in the areas given to the Burmese Government was very minimal.

He noted: "The situation in that region will remain unchanged because other minority groups such as the Shan still do not recognize the Burmese Government. Regardless of Khun Sa's surrender, minority groups will continue their rule over those areas, which are inaccessible to the state authorities.

"The majority of the population of the Shan State will continue to grow opium to earn money for their living unless they are assisted to switch to other crops."

Commenting on the \$2 million reward for the arrest of Khun Sa to stand trial in the United States, Somkiat said the United States put all the blame on a particular group, which will not solve the problem at its root. Khun Sa is not the only person who is responsible for the drug problem in the United States. As a matter of fact, the United States should make efforts to create a better social atmosphere in the country so that the people will not have to turn to narcotics.

If the United States is sincere, it should tackle the problem of this region at its root and systematically work out long-term projects to, for example, introduce

other crops to replace opium instead of playing the role of the world court.

Somkiat said: "Since the United States has set a price on Khun Sa's head, it should also do the same with other U.S. drug criminals."

Khun Sa Said To Relocate Heroin Refineries

BK0801152496 Bangkok PHUCHATKAN in Thai
8 Jan 96 pp 1, 2

[All names as transliterated]

[FBIS Translated Excerpt] Indochina Center, Bangkok — A source in the Office of Narcotics Control Board told PHUCHATKAN that more heroin will come to Thailand if Doi Lang is under the full control of the ethnic Wa army, because the quantity of the narcotic currently produced by the Wa and Kokang ethnic groups is twice the amount produced by Khun Sa's group. The Burmese ethnic groups have been using the trail running through Doi Lang to smuggle the drug into Thailand.

What is happening now is that the Burmese Government has allowed some 2,000 Wa soldiers to occupy the vicinity of Doi Lang opposite Mae Ai District of Chiang Mai Province. Thailand and Burma both claim sovereignty over the area and the former is now approaching the State Law and Order Restoration Council [SLORC] to settle the border dispute through negotiations. Military analysts believe that SLORC will not be able to control the highly proficient Wa army. [passage omitted]

According to a source in the Muang Tai Army, a drug-smuggling route from Doi Lang runs along the mountain ridge to Doi Ang-khang mountain and Tham Ngop Cave in Chaiprakan District of Chiang Mai Province. Another route also runs from the west Doi Lang to Huai Phung, Ban Lan Nawi and San Chu villages. This route is under the control of a daughter of General Lao Li or Li Wun Huan, a former commander of the [Chinese nationalist] Kuomintang army.

Many groups involved in heroin production in the areas include "Wui Sao Lang" and "Wui Sao Kang," the two Wa drug kingpins of Chinese origin who are now living in the United States under new names and are engaged in business to cover their activities.

"Wui Sao Khong" is another half Chinese heroin producer living in Fang District of Chiang Mai Province and Bangkok. "I Sao Lu," also a half-Chinese Wa, has his own army active along the border with Fang District.

The group of "Ta Sao Che," a daughter of Gen Lao Li, operating in collaboration with "Li Chao Tong" and

"Prida," both sons-in-law of Gen Lao Li, also engages in heroin production.

Gen Lao Li used tribesmen in Burma to grow opium along the Thai-Burmese border to provide the raw material for his heroin refineries hidden in the mountainous areas. The heroin was transported to Chiang Mai, where it was canned and labelled as canned fruits, tea, and food for export to foreign markets.

Opium was grown in the areas along the border with Thailand such as at Muang Panghsai, Muang Win, and the areas under the control of the Haw and Kokang.

A Thai security agency reported that nine heroin refineries of Khun Sa were located in the border areas adjacent to Mae Hong Son Province. Three refineries are in the west of Pang Yapaep; two in Huai Pang Sua, and one each in Na Maiduai-Pang Sapae, Mae O Nok, and Doi Lang.

A source in the Muang Tai Army said: "The narcotics problem in the Shan State must be resolved through political means. In other words, there must first be peace before we can figure out how to wipe out opium cultivation. We must find other careers or introduce a crop substitution program for the people to earn their living.

As the fighting drags on, the warring parties will have to rely on opium cultivation and heroin trafficking to earn money to feed their soldiers and buy weapons. Only in peace, will the people have time to develop their country and opium money will no longer be needed for their armies." [passage omitted]

Khun Sa has apparently tried to prove his willingness to cooperate with the Burmese Government in the narcotics suppression. Chao No Muang Luang, member of the Shan State Restoration Council, disclosed on 26 December that Khun Sa had ordered all his heroin refineries to cease operation in preparation for the inspection by nine SLORC officials who were sent into the areas on 29 December.

A source from an anti-Khun Sa group told PHUCHATKAN that after the cease-fire agreement becomes effective, Khun Sa plans to have his Muang Tai Army transformed into a militia force to be stationed in the central region close to the border with Laos's Bokeo and Luang Namtha Provinces. Khun Sa has built military bases in the areas for three years. It is estimated that there are some 5,000 soldiers of Khun Sa being deployed in the areas.

A source from the Office of Narcotics Control Board stationed in the northern region also revealed that Khun Sa is preparing to relocate his heroin refineries in the

areas opposite the northern Lao border, which is mostly populated with the Hmong and Lao Thoeng tribes.

Khun Sa has agreed to let the Burmese Government troops take over Doi Lang and Ho Mong in exchange for the expansion of his military influence in the central and northern regions of the Shan State.

Muang Tai Army reportedly plans to build its strongholds in Mong Chiangrat and Mong Yawn townships of Kengtung Province because the two places are convenient for producing and exporting heroin to foreign countries and these areas have access to the southern province of Yunnan of China.

A source in the Thai Police Department disclosed that the occupation of Khun Sa's areas by Rangoon troops will not lead to the decline in heroin production. SLORC is unlikely to send Khun Sa to face drug charges in the United States for fear that the latter might reveal the secret about the narcotic production by the Burmese Government despite the fact that every Burmese regime has been trying to get rid of him.

He noted: "The Burmese Government might have made certain agreements, beyond anyone's expectation, with Khun Sa. It is possible that Khun Sa and SLORC might join hands to produce narcotics in the future." [passage omitted]

UWSA 'Very Surprised' by Khun Sa-Rangoon Deal
BK0701092196 Bangkok THE SUNDAY NATION
in English 7 Jan 96 p A 2

[Report by Yindi Loetcharoenchok]

[FBIS Transcribed Text] Chiang Mai — Ethnic Wa forces, outmaneuvered by the Burmese junta's deal with opium warlord Khun Sa last month, hope to gain control of the Muang Tai Army's territory in southern Shan State through a peaceful dialogue with Rangoon.

In an interview yesterday, a senior member of the United Wa State Army [UWSA] said its leaders were "very surprised" by the "unexpected secret deal" between Khun Sa and the Burmese military rulers. The agreement allowed the MTA to withdraw from several strategic outposts in the Doi Lang and Mong Yawn areas, opposite Thailand's Mae Ai district of Chiang Mai.

The UWSA has been making steady progress in capturing MTA strongholds in Doi Lang and Mong Yawn and had planned a final push to conquer all MTA territory late last year, the senior Wa leader said.

UWSA leaders informed junta leader Lt Gen Khin Nyunt in June of their planned offensive, he said.

The junta agreed to allow Wa to use government-controlled roads to transport artillery and other weapons needed for the attack from its Panghsai headquarters on the Sino-Burmese border down to the northern Thai frontier. Previously Wa forces had to use troops, mules or horses to transport the arms.

Another UWSA official said earlier that the State Law and Order Restoration Council (Slorc) had supplied the group with mortar shells when it fought with Khun Sa's forces last June.

The government's agreement with Khun Sa to take over the disputed territory was "cheating", he said. The deal forced UWSA deputy commanders Lizi Yu and Paw Laik Hkam, who visited the southern Wa headquarters near the Thai border on Oct 28, to call off the planned attack on MTA territory.

Lizi Yu and Paw Laik Hkam have informed the five other UWSA central committee members in Panghsai of the changing situation and would let them decide the next move, the senior Wa leader added.

He said he believed the Wa leaders will inform Slorc of Wa's intention to fully occupy the southern Shan State area.

He said Lizi Yu and Paw Laik Hkam are in contact with the governor of Kengtung, an eastern Shan State town, who has joined the hundreds of Burmese troops occupying Mong Yawn and Doi Lang.

Thailand also claims ownership of Doi Lang, a mountain.

UWSA struck a ceasefire agreement with the Slorc in early 1989 soon after its members revolted from the Burmese Communist Party [BCP]. The Wa is now estimated to have about 30,000 well equipped troops armed with Chinese weapons seized from the now-defunct BCP.

Following Khun Sa's secret deal, MTA and Burmese government troops have jointly occupied some border strongholds and have hoisted Burmese flags to prevent UWSA attacks, the official said.

In his deal with Slorc, Khun Sa, who was indicted by a US court on 10 separate drugs trafficking counts, agreed to give up some of the MTA's weapons, transform at least a third of his troops into local militias and allow the Burmese army to control much of the MTA's territory. Many believe Slorc has assured Khun Sa that he will not be extradited to the U.S.

At least three Burmese battalions of about 1,000 troops entered the MTA's Homong headquarters, opposite

Thailand's Mae Hong Son province, without resistance earlier this month.

Although the exact whereabouts of Khun Sa are unknown, Wa and Thai military officials believe he is being protected by loyal MTA troops at his Homong headquarters.

KNPP Leaders Take Shelter in Thai Territory

BK0701092796 Bangkok THAILAND TIMES
in English 7 Jan 96 p A1

[Unattributed report]

[FBIS Transcribed Text] Bangkok — Two senior leaders of Burmese ethnic rebel army have crossed into Thailand fleeing Rangoon's offensive at their bases opposite Mae Hong Son province.

They were waiting to regroup with their rebel troops for renewed attacks against Burmese government troops, a Thai military source said yesterday.

Karenni National Progress Party (KNPP) leaders Gen Aung Than Lay and Lt-Gen Ba Thu, along with estimated 500 rebel soldiers, sought shelter in Ban Huai Mae Surin, Khun Yuam district after entering Thai territory.

The rebels were preparing for ambush against Burmese soldiers along the border under the command of Ba Thu, who divided the remaining forces into eight smaller units comprising 15-20 soldiers, the source said.

The KNPP troops, who have come under renewed assaults by the Burmese government troops since December 31, were in disarray after fleeing to take refuge along Thai-Burmese border opposite Mae Hong Son.

The rebel officer 1st Lt. Aung Tun said the remaining 86 KNPP soldiers under his command fled from their military bases in Kayah State, which had been overrun by the government troops. They have been conducting guerrilla warfare against the Rangoon's bases since then, he said.

The KNPP last Thursday opened fire at the Burmese army's reinforcement vehicles near the border, killing at least seven Burmese soldiers.

The rebel leaders said they were using guerrilla warfare tactics due to the limited weapons and troops capacity which are far inferior to those of Burmese government troops. However, the KNPP guerrillas said they have an advantage of being able to survive in the jungle than their enemies.

Since the government troops' occupation of the KNPP stronghold, about 53 Burmese soldiers have been reportedly killed while the group lost only four of its soldiers.

Burmese military government has reportedly sent three more battalions to the border areas so as to keep eliminating the ethnic insurgent groups.

Vietnam

Hanoi Records Economic Growth of 14.2 Percent

BK0701160496 Hanoi VNA in English
1416 GMT 7 Jan 96

[FBIS Transcribed Text] Hanoi VNA Jan. 7—Hanoi recorded an economic growth rate of 14.2 percent last year, thus bringing city's per capita income to USD [U.S. dollar] 700—the second highest in the country after Ho Chi Minh City.

This growth rate was attributed to the city's active external economic activities in 1995.

Hanoi grossed a total export value of around USD 705 million of which direct export by businesses and establishments under the city's management amounted to USD 180 million, a 28 percent increase over 1994. The main export lines included garments, processed food and foodstuffs, and other consumer goods. However their export volume was still limited due low quality, partly caused by insufficient investment in technology renewal.

By the end of 1995, Hanoi had given licenses to 210 foreign invested projects with a combined registered capital of USD 3.6 billion. With the 120 projects, in operation, over 20,000 Hanoians have stable jobs. Furthermore, to date 544 foreign companies including 10 bank branches have their representative offices in the city.

The city plans to draw some USD 8-9 billion of investment capital in order to develop industrial zones, commercial and international business centres, and new streets between now and the year 2000. New industrial zones including those in the outlying areas of the city such as Sai Dong, Soc Son, and North and South Thang Long have taken shape and partly been operational. To boost the investment, the municipal authorities have mapped out measures to simplify administrative procedures, and step up land clearance for licensed projects.

In 1995, the city was provided with some USD 210 million from foreign countries' ODA [Official Development Assistance] fundings for its various projects and infrastructural facilities. Notably were a project to upgrade the inner city sewerage (with a total capital of nearly USD 200 million coming from the World Bank loans), a USD 35 million project to supply drinking water in Gia Lam District, which was part of Japan's non-refundable aid, and other projects to improve the

urban traffic signal system, lighting system, healthcare, and city planning and development.

Vo Van Kiet Urges Ho Chi Minh City Development

*BK0801153596 Hanoi VNA in English
1248 GMT 8 Jan 96*

[FBIS Transcribed Text] Hanoi VNA Jan. 8 — Prime Minister Vo Van Kiet has urged Ho Chi Minh City authorities to effectively carry out its 1996 socio-economic development plan by working harder and more creatively, making full use of the city's potential in the on-going renovation process.

P.M. Kiet was speaking during a recent meeting with senior officials of the city. Prominent among those present at the working sessions were Deputy Prime Ministers Phan Van Khai and Tran Duc Luong. Vo Tran Chi, politburo member of the Communist Party of Vietnam Central Committee and Secretary of the City's Party Committee, and Truong Tan Sang, mayor of the city.

Hailing the achievements recorded by the city, the Vietnamese prime minister and deputy Prime ministers stressed tasks to be taken to realize the targets set for the city's 1996-2000 five year socio-economic development plan.

'Efforts need to be made to mobilize more investment and human resources for development, improve the management and effective use of the state budget and funding', Mr. Sang said.

Due attention should also be paid to carrying out the fight against corruption and other negative phenomena, and environmental protection.

Pointing out issues left unsolved in the previous year, P.M. Kiet stressed the need to develop the city's infrastructure, industrial production, particularly the machine manufacturing industry and information technology services expenditure and budget contributions and administrative reform to gain a higher economic growth rate commensurate with its potential.

Ho Chi Minh City, the country's commercial hub, must strive to speed up industrialization, tourism and exports, the prime minister said, adding that preparations should be made so that a stock exchange can be opened soon in the city. In addition, measures should be taken immediately to reorganize the state-owned economic sector to give it a stronger role and effective operations, and to ensure the enforcement of laws and social order in the city.

Since 1991, the city has recorded considerable economic achievements. It has gained an annual average growth

of 12.37 percent, trebling that of the 1986-90 period. Great progress has also been made in goods export, and other foreign-currency-earning services, and foreign investment. The local people's cultural and material life has also been improved remarkably. The 1996-2000 plan set by the city includes the goal of annual average GDP growth of 15 percent and an increase in per capita income to USD 1,500, doubling the present figure.

Coal Production for 1995 Reviewed

*BK0801155096 Hanoi VNA in English
1428 GMT 8 Jan 96*

[FBIS Transcribed Text] Hanoi VNA Jan. 8. — The Vietnam Coal Corporation has announced that for the first time in 1995 it gained profit from its coal production and export.

The corporation produced 7.5 million tonnes, up by 2 million tonnes compared with 1994, and exported 2.8 million tonnes. It turned over almost VND [dong] 2,500 billion (USD 225 million), up by VND 800 billion (USD 72 million) over 1994.

Vietnam has large coal deposits. During the last two decades the country exploited an average annual output of about 5 million tonnes of anthracite. At this rate, it will be 600 years before the country can exploit all the commercial coal deposits already surveyed.

At times, the Vietnamese press sounded the alarm about the unplanned exploitation and export of coal by both state-owned enterprises and private groups, which has caused the price of Vietnamese export coal to drop steeply on the world market.

Recently, order has been restored in the production and sale of coal with a view to boosting coal production, increasing investment, and better managing the sale of this natural resource at home and abroad. After its coming into being in October 1994, the Vietnam Coal Corporation has made exportation of coal its breakthrough. The corporation decided that only coal-producing units have the right to market coal at home and export it. For its part, the government has stipulated that all state-owned enterprises using coal must sign a coal supply contract with the coal corporation or with a coal-producing company at a mutually agreeable price under the guidance of the state pricing commission. The government has also stipulated that every coal mine must be owned by a certain organization which is responsible for managing the area under its charge. Just more than one year after its founding, the Vietnam coal corporation has obtained good results in restoring order and stability in the production and trading of coal.

In the 1980's the coal enterprises paid more attention to exploiting coal than removing earth and rock. Then, they needed to remove only 2-3 cubic metres of earth and rock to get one ton of coal, but now they have to remove 5-6 cubic metres of earth and rock to get one ton of coal.

Coal specialists believe it is time to mobilize foreign investment and technologies to develop the coal industry. Some even suggest that a number of coal mines should be marked off for 100 direct foreign investment so that Vietnamese personnel may learn experiences in management from foreign investors and receive the transfer of modern technologies for the coal industry.

For the time being, the Coal Corporation together with the energy corporation are working out a joint venture to exploit another coal mine at Khe Cham A Mining and thermo-power joint venture at Na Duong (Lang Son Province) with a capacity of 100 mw and another such joint venture in Thai Nguyen, capacity 50 mw and a joint venture with ICI of Australia to produce liquid industrial explosives. It is hoped that these joint ventures will contribute to speeding up the development of the coal industry in Vietnam.

Radio Reviews 1995 Agricultural Production

BK0701141896 Hanoi Voice of Vietnam in English
1000 GMT 4 Jan 96

[From the "Vietnam's Economy" feature]

[FBIS Transcribed Text] One of the most outstanding achievements in Vietnam's economy in 1995 is agricultural production. Average growth rate of food [word indistinct] at 4 percent and in the Mekong River Delta alone from 8 to 12 percent, the highest in the world. Every year the Mekong Delta produces another 1 million tonnes of rice. Last year, Vietnam achieved 27.5 million tonnes of rice for export. From a rice importer several years ago, Vietnam has become the third largest rice exporter in the world. At present, the quality of rice has been (?markedly improved). Food shortages are now a thing of the past in many rural areas.

Vietnam is not only sufficient in food but has also sent rice to help the Cuban people and the Cambodian people. However, to achieve this, Vietnam has overcome many difficulties such as the aftermaths of natural calamities, floods, storms, and drought in the Mekong River Delta. Vietnam has already put 7 million hectares under rice, an increase of 140,000 hectares over the same period last year. Twelve provinces in the country have attained more than 1 tonne of rice each, and the Mekong River Delta alone contributed half of the country's rice for export. [sentence as heard]

Besides rice, Vietnam has grossed 200,000 tonnes of coffee, the main hard currency earner of the country. Vietnam has become the seventh largest coffee exporter in the world and is now an important member of the International Coffee Export Association. It has achieved 50,000 tonnes of tea [word indistinct], [figure indistinct] tonnes of rubber latex, 250,000 tonnes of peanut, and 80,000 tonnes of cashew nut. In livestock breeding, Vietnam now has 130 million poultry and 15 million pigs.

On agricultural achievements in the past year, Mr Nguyen Thien Luan, deputy minister of agriculture and rural development, said:

[Begin Nguyen Thien Luan recording, in Vietnamese with superimposed translation into English] Since 1993, when Vietnam started its open-door policy, Vietnam's economy has developed, particularly in agricultural production. Thanks to the renewal economic policy, hundreds of foreign invested projects have been implemented in agriculture with a total investment capital of more than 1 billion dollars.

In 1995 alone, there was 33 big projects capitalized at 500 million dollars, funded by the World Bank, the Asian Development Bank, Germany, the Netherlands, Japan, China, Indonesia, and other countries and international organizations. Those projects have created jobs for hundreds of thousands of workers in rural areas and helped stabilize the people's lives. Thanks to the improvement in processing technology, Vietnam could export high-quality products with higher value. [end recording]

Mr. Nguyen Thien Luan also said that the decision of the government on the reorganization and merging of three ministries into the Ministry of Agriculture and Rural Development shows that the government places agricultural and rural development on top of the national economic development program. Vietnam is an agricultural country with 70 percent of rural population. During the process of changing economic structure, agricultural production may reduce, but still it plays a key role in national economy. For this reason, food development programs will be very important to tap all the potential in service of [word indistinct] consumption and export.

Vietnam's achievements in agriculture in 1995 further affirm the precious efforts made by farmers and orientation and guidelines by the government. In the 1996-the year 2000 period, Vietnam will strive to achieve an output of 30 million tonnes of food per year.

Australia**Security Accord With Jakarta, Implications Viewed***BK1101093296 Sydney THE AUSTRALIAN
FINANCIAL REVIEW in English 21 Dec 95 p 17***[Report by Clive Hamilton]**

[FBIS Transcribed Text] In 1993 workers at a clock factory in East Java went on strike over pay and conditions. One of the leaders was a young woman named Marsinah. Along with the others, she was interviewed by military intelligence and forced to resign. Four days later Marsinah's body was found in a hut by a rice paddy. She had been stabbed, raped and murdered. Few people doubt that the security forces were responsible.

Why should we in Australia be concerned about this incident, and what is its relevance to the treaty we have just signed with Indonesia? The Marsinah murder has implications for us at three levels, and each of these is intimately affected by the new treaty.

First, the Marsinah case illustrates the nature of the regime and the role of the military in our big northern neighbour. While notable for its brutality and ineptness, this murder cannot be characterised as an unfortunate isolated incident. It is a manifestation of the pervasive presence and repressive character of the armed forces in all aspects of Indonesian civil society. Dozens of similar stories could be told.

These incidents are the sharp end of Indonesia's "stability" that Mr Keating praises so generously. Military repression and denial of basic human rights are the cost of stability. If stability in Indonesia is our primary concern, it is in our interests to support, or at least tolerate, suppression of democratic challenges to the regime, including a free press and the rule of law.

The second implication for Australia of the Marsinah case is what it reveals about the nature of the "economic miracle" in Indonesia. The nature of economic development in Indonesia has been dependent on a system that keeps the workforce in a state of fear and docility.

Economic power in Indonesia is amassed and exercised not principally through entrepreneurial skill, or indeed inheritance, but through use of political and military power.

Once again, the costs of economic development fall on Indonesian citizens, so if a continuation of the present form of economic development in Indonesia is our primary concern then it is in our interests to support the system that sustains it.

The third implication of the Marsinah case is that we are appalled that another human can be treated in the

way this brave young woman was. Most Indonesians are as horrified as we are; more so, because it happened in their country. Similarly, it was apparent that the senior bureaucrats that I worked with have been deeply disturbed by the events in East Timor and the all-too-obvious and frequent "excesses" of the military.

Thus if our primary concern is for human rights, then it is not in our interests to reinforce the present regime in Indonesia. The dilemma, of course, is that our relationship with Indonesia clearly needs to balance security, economic and human rights concerns.

Indonesia's stability is unquestionably important to us, but somewhere along the way our traditional defence of democracy and decency has been lost.

Perhaps the most disturbing aspect of the treaty is the way in which it will strengthen the relationship between the military forces in the two countries. The military in Indonesia is a force equipped, trained and deployed mainly for repression of domestic dissent. The argument about stability is really an argument about internal repression that often takes extremely brutal forms.

It is frequently argued that by deep engagement we gain more purchase when we want to influence events. The truth of this is hard to prove one way or another, but my own sense (based in part on the Mantiri affair) is that it is specious rubbish. Given our limited size and influence, it is much more likely that the treaty will make it easier for the Indonesian Government to dismiss us with a paternalistic pat on the head or, if necessary, a cranky slap on the wrist.

Because he lacks any analysis of Indonesian politics and society, Mr Keating has been beguiled by the avuncular persona of President Suharto. While Mr Suharto was probably upset by the death of Marsinah and would prefer that it had not happened, he remains the strongman at the head of a regime that brooks no serious opposition and consistently uses violence to maintain its control.

As a powerful and regionally important neighbour, we must engage with Indonesia. The foreign affairs establishment would have us believe that "Indonesia" is identical with its ruling political and military oligarchy so that the entire relationship can be handled cosily between sympathetic elites lead by Mr Keating and Mr Suharto.

Although the military is extremely powerful, government and society in Indonesia are not monolithic. There are progressive, liberal forces within the Government as well as outside, people who want to move quickly

to more democracy and openness. Against them are oppressive forces, those who want to maintain control at all costs.

Our diplomacy should not exclude contact with the forces of democracy and social justice in Indonesia. It is they who were wounded by the murder of Marsinah. So when we sign a treaty, we must ask ourselves not only about its likely impact on our own security and economic interests, but about the impact on the people of Indonesia. This is in our moral interests. For at the funeral of Marsinah we cannot pretend that we do not know for whom the bell tolls.

Firm Defense Attitude With Jakarta Urged

BK1101100896 Sydney THE AUSTRALIAN
FINANCIAL REVIEW in English 27 Dec 95 p 13

[Report by Alan Mitchell]

[FBIS Transcribed Text] Last week's security treaty with Indonesia should help open the way for increased arms sales to the region. But there are some difficult issues still to be resolved in Australia.

One is the morality of being an arms supplier to a region where nation-building governments routinely ignore human rights.

Another is our attitude to the use of bribery.

The treaty signed by Mr Keating and President Suharto is a powerful acknowledgement of a shared strategic interest (which, primarily is that Indonesia should remain stable, prosperous and not be dominated by an unfriendly power).

As such, the treaty should help change attitudes in both countries.

With regard to arms sales, it should make the purchase of Australian arms more politically acceptable in Indonesia where Australia's motives often have been regarded as suspect and where under the influence of the powerful research and technology minister Dr Habibie, there has been a preference for self-reliance and European supply.

In Australia, a greater awareness of the two countries' shared strategic interests should lessen opposition to arms sales to the Indonesian Government.

Nevertheless, arms sales to Indonesia and other nations in the region will continue to be controversial in Australia.

The critics of arms sales to Indonesia will accuse the Australian Government of aiding and abetting the Indonesian Government's actions in East Timor, Aceh and West Papua — as they did last year when the

Government approved the supply of Australian-made Steyr rifles to the Indonesian armed forces.

If Australia is to compete effectively with the Europeans and become a more serious arms exporter to the region, it has little choice but to develop a more pragmatic approach to human rights and other ethical issues involved.

On the question of human rights abuses, an important issue is whether Australia's arms sales are providing a foreign government with an instrument of repression that it otherwise would not have had.

If the answer is no — as it will be in nearly every case of Australian arms sales in the region — then, in a simple, practical sense, the arms sales will make no difference. That is true even if the weapons are directly used in the repression.

(I'm told that argument sounds like the one used by the gun lobby in the US. But the analogy is quite false. In the US case the argument is about a law which permits easy access to firearms. Here we are talking about a single supplier in an international market in which equivalent weapons are available.)

Of course the issue is more complicated. Arms sales by countries such as Australia imply a high degree of approval of the purchasing governments. A refusal to sell arms to a country can be a powerful expression of disapproval.

However, it is only one of a number of possible expressions of disapproval. In theory, there is no reason why Australia cannot put pressure on the Indonesian Government without interrupting the flow of its (limited) arms trade.

And in a highly competitive market, where reliability of supply is regarded as important, arms exporters can rarely afford the luxury of interrupting supply to make a political point.

But, as I say, the human rights question is not the only difficult issue facing Australia as it seeks to expand its arms sales in the region.

Another is the use of bribery which, on the evidence from Korea India and other countries in the region, is frequently a part of arms sales in Asia.

By all accounts the Europeans are much better at it than we are.

Again, if we are going to get more seriously into the arms game — as the Government and its strategic advisers say we should — we can't afford to be too squeamish.

Of course, I should say in passing that the argument for hard-headedness cuts both ways.

If we should be more hardheaded in our approach to arms exports, we should also be more rigorous in deciding what arms we make here in the first place.

There is strategic value in having some capacity to produce weapons. However, that strategic advantage should be weighed carefully against the extra cost.

There is little evidence that it is.

The suspicion is that too often the defence establishment prefers local production because it increases the chances of government approval.

Exports then become the only way to spread the cost of a project that should never have been approved in the first place.

An example of a project that probably should not have been approved was the local assembly of the F/A-18 Fighter. That cost the taxpayer an additional \$700 million.

The alleged strategic objective — to build an industrial capacity to maintain and provide through-life support the aircraft — was later found by the Industry Commission to have been undermined by the RAAF's [Royal Australian Air Force] decision to maintain the aircraft itself.

In the same doubtful tradition local production of the ANZAC [Australia New Zealand Defense Treaty] frigates and the Collins Class submarines was approved without establishing a benchmark price for overseas supply.

So, we should be more discriminating about what arms industries we have here.

But when, for genuine strategic reasons, weapons are produced here, the cost can be reduced and the strategic benefit enhanced by exports to other nations in the region.

We should also be more discriminating in the way we link arms exports to arguments about human rights.

New Zealand

Chirac Statement on Test Completion Welcomed

BK0501021996 Hong Kong AFP in English
0201 GMT 5 Jan 96

[FBIS Transcribed Text] WELLINGTON, Jan 5 (AFP) — The New Zealand government Friday welcomed the statement by French President Jacques Chirac that the nuclear testing programme would be completed by the

end of February but said it would prefer no further tests at all.

Duty minister Philip Burdon said in a statement issued here that the announcement did not add to a statement by French Defence Minister Charles Millon in December.

"Nonetheless, it is good to hear the president himself confirm that date, and to reiterate France's commitment to a comprehensive test ban treaty, and to signing the protocols of the South Pacific Nuclear Free Zone," said Burdon, who is Minister of Trade Negotiations.

"I would still like to hear the president say that no further tests are necessary at all."

The opposition Labour Party also welcomed the announcement but said there was still time for France to complete more than one further test.

"The French have been conducting the nuclear tests about every four weeks. Therefore there is time for two or even three more tests before the end of February, making seven in all or even the eight originally promised by Chirac," party spokesman Richard Northey said in a statement.

"Even one more test would be an outrage and the New Zealand Government and people should increase their protests to persuade the French not to test at all.

Minister: Threat to Ambassador Taken 'Seriously'

LD1001100596 Wellington Radio New Zealand
International in English 0800 GMT 10 Jan 96

[FBIS Transcribed Text] The minister of foreign affairs and trade says an extreme Islamic group's threat to kill our ambassador in the Philippines is being taken very seriously. Ambassador Colin Bell and the British, Australian, and Spanish ambassadors have been targeted for assassination by an Islamic militant group. The minister, Don McKinnon, says it's an issue the ministry has been aware of for the past two or three months and although measures have been taken to ensure staff's security, there is still concern for their safety. He says it's unusual for New Zealand's ambassador to be targeted, particularly by the group concerned. Don McKinnon says no stone will be left unturned in investigations into the threat.

Papua New Guinea

Bougainville Leaders Shooting Incident Reported

BK0901062696 Melbourne Radio Australia
in English 0500 GMT 9 Jan 96

[FBIS Transcribed Text] Papua New Guinea's [PNG] defense minister, Mathias Ijape, has ordered an in-

vestigation into a reported shooting incident involving Bougainville rebel negotiators returning from peace talks in Australia. Mr. Ijape said the incident was serious and the allegations by Rebel Leader Joseph Kabui must be examined.

The rebels claimed that after they return to Bougainville from the latest round of peace talks in Cairns in north Queensland they were fired on by PNG security

forces near the town of [Koromira]. The rebels said they returned the fire and wounded a member of the progovernment Bougainville resistance forces.

In announcing the investigation into the incident, the defense minister said the PNG defense force must ensure that peace came to Bougainville through peaceful negotiations and not through the barrel of the gun.

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